

ROBBINS E. CAHILL: RECOLLECTIONS OF WORK IN STATE POLITICS, GOVERNMENT, TAXATION, GAMING CONTROL, CLARK COUNTY ADMINISTRATION, AND THE NEVADA RESORT ASSOCIATION

Interviewee: Robbins E. Cahill

Interviewed: 1971-1972

Published: 1977

Interviewer: Mary Ellen Glass

UNOHP Catalog #070

Description

Robbins E. Cahill's career of service to the state of Nevada has been long and distinguished. He has spent nearly his whole life in Nevada as student, businessman, politician, worker for state and local agencies, lobbyist, and civic leader. Born in Ogden, Utah, in 1905, he moved with his parents to Sparks when he was four. He attended public school in Sparks, and graduated from the University of Nevada.

In 1938, Cahill was elected to the Nevada State Assembly, the beginning of his lengthy state service. He became chairman of the important Ways and Means Committee. In 1940, partly because of problems with his private business, he obtained a position in the insurance division in the state controller's office. Two years later, Cahill became deputy state controller and in that capacity, inspired the idea of setting up the Legislative Counsel Bureau. From 1945 to 1963, he was a member of the Nevada State Tax Commission, and from 1955 to 1958, chairman of the Gaming Control Board. In 1963 he left state government to become Clark County Administrator, and in 1966 was appointed director of the Nevada Resort Association.

Cahill's expertise is particularly strong in two areas: taxation and the state control of gaming. This is (at the time of its publication) the longest autobiography in the oral history collection and among the most valuable. Cahill has an encyclopedic memory and is a balanced, perceptive observer of people.

This is undoubtedly the most important single source available to researchers on Nevada gaming since 1945. It is indispensable to the subject. Interesting to this reader was Cahill's discussion of the zoo joints and other con games of the 1940s and the crossroaders. He provides a sustained discussion of many of the leading gaming owners of Las Vegas, and also discusses the inside story of the Thunderbird case.

Cahill does not really dispute most of the facts sensationalized by the Kefauver Committee in 1951 or by the Green Felt Jungle written in 1963 by Ed Reid and Ovid Demaris, but his interpretations of these facts are quite different. He is not bothered at all that people such as Benny Binion or Moe Dalitz had been involved in illegal gambling activities before they came to Nevada. His argument is that only people of previous experience in gambling should be involved in Nevada gaming, and that the experience by definition had to be picked up illegally if it was done outside the state. Instead, the important standard of judgment to Cahill is that these illegal businesses had to be conducted

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Ultimately, Cahill appears rather pessimistic about gambling's future in Nevada. His final chapter, detailing his tenure as director of the Nevada Resort Association, vividly runs down a list of unpublicized problems confronting the industry, such as the growth of unions in the resort industry, the threat of federal government intervention, and issues of equal rights.

Cahill discusses many of the tax problems facing Nevada and acknowledges his debt to Harold Brown of the College of Education at the University of Nevada in influencing his views on state support of education. He has a vivid discussion of the Great Depression. There are colorful vignettes of Senator Patrick McCarran and other notable politicians. Most appealing is Cahill's frank admiration for Governor Charles Russell. Robbins Cahill's oral history will become a basic research source in post-Depression Nevada politics, finance, taxation, and gaming. Cahill is the state's—probably the nation's—best authority on gaming, and he is certainly the best source on the basis of Nevada's modern tax systems.

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An Oral History Conducted by Mary Ellen Glass

University of Nevada Oral History Program

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<http://www.unr.edu/oralhistory>

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Printed in the United States of America

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PREFACE TO THE DIGITAL EDITION

Established in 1964, the University of Nevada Oral History Program (UNOHP) explores the remembered past through rigorous oral history interviewing, creating a record for present and future researchers. The program's collection of primary source oral histories is an important body of information about significant events, people, places, and activities in twentieth and twenty-first century Nevada and the West.

The UNOHP wishes to make the information in its oral histories accessible to a broad range of patrons. To achieve this goal, its transcripts must speak with an intelligible voice. However, no type font contains symbols for physical gestures and vocal modulations which are integral parts of verbal communication. When human speech is represented in print, stripped of these signals, the result can be a morass of seemingly tangled syntax and incomplete sentences—totally verbatim transcripts sometimes verge on incoherence. Therefore, this transcript has been lightly edited.

While taking great pains not to alter meaning in any way, the editor may have removed false starts, redundancies, and the “uhs,” “ahs,” and other noises with which speech is often liberally sprinkled; compressed some passages which, in unaltered form, misrepresent the chronicler's meaning; and relocated some material to place information in its intended context. Laughter is represented with [laughter] at the end of a sentence in which it occurs, and ellipses are used to indicate that a statement has been interrupted or is incomplete...or that there is a pause for dramatic effect.

As with all of our oral histories, while we can vouch for the authenticity of the interviews in the UNOHP collection, we advise readers to keep in mind that these are remembered pasts, and we do not claim that the recollections are entirely free of error. We can state, however, that the transcripts accurately reflect the oral history recordings on which they were based. Accordingly, each transcript should be approached with the

same prudence that the intelligent reader exercises when consulting government records, newspaper accounts, diaries, and other sources of historical information. All statements made here constitute the remembrance or opinions of the individuals who were interviewed, and not the opinions of the UNOHP.

In order to standardize the design of all UNOHP transcripts for the online database, most have been reformatted, a process that was completed in 2012. This document may therefore differ in appearance and pagination from earlier printed versions. Rather than compile entirely new indexes for each volume, the UNOHP has made each transcript fully searchable electronically. If a previous version of this volume existed, its original index has been appended to this document for reference only. A link to the entire catalog can be found online at <http://oralhistory.unr.edu/>.

For more information on the UNOHP or any of its publications, please contact the University of Nevada Oral History Program at Mail Stop 0324, University of Nevada, Reno, NV, 89557-0324 or by calling 775/784-6932.

Alicia Barber
Director, UNOHP
July 2012

INTRODUCTION

Robbins E. Cahill is a native of Utah, born in 1905. He has spent nearly his whole life in Nevada, as student, businessman, politician, worker for state and local agencies, lobbyist, and civic leader. Professor Jerome Edwards's introduction to this oral history lists and analyzes some of Mr. Cahill's contributions to his fields of expertise. One may safely assert that the oral history recorded by Robbins Cahill will become a basic research source in post-Depression Nevada politics, finance, taxation, and gaming; indeed, no future research in those areas will be complete without use of this work. Mr. Cahill is the state's, probably the nation's— best authority on gaming. He is certainly also the best source on the basis of Nevada's modern tax systems.

When invited to participate in the Oral History Project, Robbins Cahill accepted readily, with some modest disclaimers about his prodigious knowledge of his work. Sixteen days of recording sessions followed, all in Mr. Cahill's Las Vegas office, between November, 1971, and August, 1972. Robbins Cahill was

an exceedingly patient, cooperative, and generous chronicler throughout these lengthy sessions that disrupted his office and personal routines. Mr. Cahill's review of the transcript submitted for his approval resulted in no significant changes in language or style, and a few vital additions of information which were incorporated into the script at his request.

The Oral History Project of the University of Nevada, Reno, Library preserves the past and the present for future research by tape recording the recollections of people who have been important to the development of Nevada and the West. Resulting volumes are deposited in the Special Collections departments of the University libraries at Reno and Las Vegas. Robbins E. Cahill has generously donated his literary rights in his oral history to the University of Nevada, and further, has designated the work as open for research.

Mary Ellen Glass
University of Nevada
1977

SPECIAL INTRODUCTION

Robbins Cahill's career of service to the state of Nevada has been long and distinguished. Born in Ogden, Utah in 1905, he moved with his parents to Sparks when he was four. He attended public school in Sparks, and graduated from the University of Nevada.

In 1938, Cahill was elected to the Nevada State Assembly, the beginning of his lengthy state service. He became chairman of the important Ways and Means committee. In 1940, partly because of problems with his private business, he obtained a position in the insurance division in the state controller's office. Two years later, Cahill became deputy state controller and in that capacity, inspired the idea of setting up the Legislative Counsel Bureau. From 1945 to 1963, he was a member of the Nevada State Tax Commission, and from 1955 to 1958, chairman of the Gaming Control Board. In 1963 he left state government to become Clark County Administrator, and in 1966 was appointed Director of the Nevada Resort Association.

As his background indicates, Cahill's expertise is particularly strong in two areas:

taxation and the state control of gaming. This is the longest autobiography in the oral history collection at the University of Nevada and among the most valuable. Cahill has an encyclopedic memory and is a balanced, perceptive observer of people.

This oral history is undoubtedly the most important single source available to researchers on Nevada gaming since 1945. In fact it is indispensable to the subject. Very interesting to this reader was Cahill's discussion of the zoo joints and other con games of the 1940's and the crossroaders. He provides a sustained discussion of many of the leading gaming owners of Las Vegas. Very important, he discusses in great detail the development of the gaming industry in Las Vegas, and the inside story of the Thunderbird case.

Cahill does not really dispute most of the facts sensationalized by the Kefauver Committee in 1951 or by the *Green Felt Jungle* in 1963. But his interpretation of these facts is quite different. Cahill is not bothered at all that people such as Benny

Binion or Moe Dalitz had been involved in illegal gambling activities before they came to Nevada. His argument is that only people of previous experience in gambling should be involved in Nevada gaming and that the experience by definition had to be picked up illegally if it was done outside the state. Instead, the important standard of judgment to Cahill is that these illegal businesses had to be conducted honestly. Unlike Kefauver, Cahill further argues that “income tax evasion was charges that happened to the best people.” As it turned out, according to Cahill, Moe Dalitz in particular has been a real credit to Las Vegas. Cahill’s overall philosophy is that “who owns a gaming place in Nevada is not nearly as important as to how it’s run.”

Ultimately Cahill appears rather pessimistic about gambling’s future in Nevada. His final chapter, detailing his tenure as Director of the Nevada Resort Association, vividly runs down a list of unpublicized problems confronting the industry such as the growth of unions in the resort industry, the threat of federal government intervention, issues of equal rights, and the like. “Sometimes,” he states in speaking of the gaming community, “I get to wondering about their ability to survive at all.”

There is much more to this excellent oral history than gaming. He discusses many of the tax problems facing Nevada and acknowledges his debt to Harold Brown of the College of Education of the University of Nevada in influencing his views on state support of education. He has a vivid discussion of the Great Depression of the 1930’s. There are colorful vignettes of Senator Patrick McCarran and other notable politicians. Most appealing is Cahill’s frank admiration for Governor Charles Russell. “I just adored him because of his simplicity, his lack of guile. And

yet he was much deeper than most people gave him credit.”

Cahill appears quite candid. He is an excellent raconteur. It was more than generous of him to allow this script to be open.

Jerome E. Edwards
Associate Professor of History
University of Nevada, Reno
1977

CHILDHOOD, EDUCATION, AND EARLY CAREER

I was born in Ogden, Utah, May the eleventh, 1905. My father [Henry Ernest] was a railroad conductor in Ogden. My mother [Sadie Robbins] went to Weber State in Ogden and taught briefly in the primary grades. I remember very little of Ogden, except in going back visiting relatives.

We moved to Sparks when I was about four and a half years old. My father came first, transferring to Sparks. He maintained his seniority rights both in Sparks and Ogden; he found he could get better runs in Sparks than he could get in Ogden.

Sparks, of course, at that time, was a small town, was strictly a railroad town, as it was during most of my time [there]. Its boundaries were from about Fourth Street (where Carl Shelly lived, incidentally). That was about as far out as you could get. Raymond Flannery lived farther out, but he was so far out, he was in the country. He lived close to Stanford Way. Basically [from Fourth Street to] Fifteenth Street on the other side. It was just starting to extend a little. And then, an old area that was called Deer Park, which is

between Fifteenth Street and Coney Island, on the old Coney Island Road. It was completely a railroad town; the economy was tied to the railroad and to the workers.

And the railroad man is a person that you have to understand; they're a distinct type. I've been able to pick 'em out years and years later. From a distance, I can spot 'em—I could. Maybe I couldn't do it now, but I could many, many years later—spot a man in overalls with his hands under the bib, and I could just tell by the way he walked and the way he talked that he was a railroad man, if I just saw him from a distance.

My dad, of course, was a passenger conductor, and wasn't what you'd call a typical railroad type. He was a quiet, gentle man, tended to his own business and ran his train. But we did have roomers; we had roomers in those days, had the whole house filled up with railroad men, from the call boy up. Every kid that didn't have the wherewithal to continue school, whether it was mental or financial wherewithal, would (if he were goin' on the "railroad side") start in as a call

boy, which was a[n] exposure to life for any youngster. Lots of youngsters couldn't take it—of course, probably an undue percentage, because of the type that had to take it. And then they would graduate and go on the road, as they called it. They'd hire out as a brakeman or fireman, spend their early days what they called "bucking the extra board."

If you were on the "other side," [you] took a job as an apprentice in the shops. At that time, Sparks shops were the main shops between Sacramento and Ogden. They did rebuilding, and employed about six hundred people down there. Of course, the economy and the social life was a bit polarized, to the extent that a lot of 'em in the shops were Italian immigrants that came over and did the engine wiping, the lubricating, and some of 'em became mechanics. And those that were a little better qualified did graduate to become machinists.

Those were the basic sections. And really, there was not too much rapport between the road group and the group that worked in the shops. They were a different type of people, and even the social life kinda revolved around them. The Italians made wine and raised chickens, and were very solid, substantial people. Of course, in the later days, when bootlegging was quite an accomplishment, it was their heyday because all the Italians made wine. Most of 'em sold a little bit for a dollar a bottle. And I was one of their best customers, not because I drank so much wine (I drank what was necessary to keep my social standing with the boys) but because, for the house, and for the kids going to college, I could always go down and get wine for their parties, and various things, and buy about a gallon.

Between Sixth Street and Eighth Street on B Street, across from the gates of the old shops, was what we called the "water front." And all of those who hadn't gone on in the

boiler shop, or the blacksmith shop, or the erecting machine shop—and some of 'em who started there—as quite often was the case, found they could do better by going into business for themselves, selling wine. Most of the places—some of them—sold hard liquor behind the ol' peephole, but wine was their main product. And we always called it the water front. Of course, we got to know everybody else.

The economy at that time was so dependent [on the railroad]. As I said, when a person went on the road, they had to start by bucking the extra board, so that when you hired out, you had a few months of very good work. And the railroad always paid well, per hour, or per hundred miles. I don't think there was a profession or a job in the world—and I'm not sure that it isn't somewhat true today—that paid more to people that didn't—its requirements were not too high. In later years, they finally raised their requirements to a high school education. But many of 'em were kids who'd gotten out of the eighth grade, and who didn't even want to go through high school, and would go on the road. And they made good money because they worked the extra board, and when business was really rushing—when they were hauling in the grapes and the fruit, and the business was really rushing—they could work just as much as possible. They'd turn 'em around in what they called "the rest," Sometimes within eight or ten hours after they got in, they'd be called out again. They had to have eight hours' rest. And they ran, constantly.

But then they'd cut the extra board down, and, of course, the newest employees were cut off, and then they have to look for something else for the balance of the year. And this bucking this extra board took a little time. Particularly for the first four or five years, they had to get something else to do to

subsist. They'd work in the grocery store, or the hardware store, or anything else, and they were the type of people who weren't trained in anything else. A railroader, and particularly a man on the road, he railroads on the road and off, and talks about it in his sleep. They were dedicated to gettin' those trains over the road, and this was their whole life. So life wasn't easy for em in the in-between times.

Now, [they] didn't go into any real hardship until they got into the times that I remember best, and that was in the Depression times, in the late '20's, when the railroads started, as they called [it], retrenching. Then they'd put out these retrenchment orders, and the men who had been working six days a week—the “back shops,” as we called it, the erecting side, worked six days a week, and the roundhouse, or the maintenance side, that kept the engines hot, and the running repairs, worked seven days a week. And if they wanted any extra time, they had to arrange for time off.

But pretty soon, they cut 'em down to three days a week, or they'd have a two-week layoff. And wages on that side, on the mechanical side, were not near what they were on the road side. And things weren't easy for them [when] they'd get a two-week layoff because they were people who lived from one day to the next.

And then, about Depression times, men who were well up on the board, who had been working full time, who'd finally gotten over the hard part of the extra board, and gotten up with enough seniority, seven or eight years, to where they could figure at least—they didn't get the most desirable jobs. When the board was cut, then they'd have to go out to Mina, or Laws, and work that old narrow-gauge to Laws or Keeler, or they'd send them to Susanville and Westwood on the branch, Wendover, or they'd get the less—some of 'em'd have to work the switch.

I got onto this parlance in the railroad because we had railroad men around us all the time. And this, of course, got back into the life of the call boy. When the road man could see the extra board, as he called it, when he was what they called “first out,” he was at the top of the extra board, he knew he'd get the next call. And then he'd nose around and find the next call would be out to Mina, which really was an anathema. They just avoided that like the plague. And then they'd hide out. The call boy couldn't find 'em. They'd hide under the bed, or they'd stow away in the closet, or they'd go out, and the call boys frantically goin' around looking for 'em. And then you have to look for the number two man. And the number two man figured maybe the number one man was goin' to hide out, so he would hide. The call boy and the crew dispatchers had a bad time.

But by the time of the Depression, they were just being cut off flat, men who had been working for—well, the whole year were just cut off entirely, just weren't working at all. And it got to be pretty tough.

And the economy of the town—the merchants of the town were all keyed to it. They all did a credit business. (The first cash store that ever came in there was Piggly Wiggly.) It wasn't a company store, but it was a typical company store type. Every merchant there carried them, and they knew when the tough times came, they had to carry them until the better times came. Except for those that had gone up the scale far enough, like my father and many others, who had regular passenger jobs and were well paid—of course, they paid their bills promptly and were the cream of the economic society. But the rest of them, the merchant just carried them. And I later had experience with that sin the garage in Sparks. There was a certain type you just carried all the time. You never got caught up. And, of course, you had a certain number of

people who were weren't particularly good about paying their bills, anyway. But it was a drag on the merchants. And when a strike came along, or a layoff came along, it was very hard on them. It was strictly a railroad town and a railroad society.

I started to school in the—what is the site of the present Robert Mitchell School. It was at that time the only school building that Sparks had; it carried all the grades through high school.

My sister, [Helen Margaret] who was six and a half years older than I, started in the upper grades, and went through high school there.

I can vividly remember Mary Lee Nichols, who later had a school on Eighth Street named after her, a very fine primary grade teacher. She was quite elderly when I went to her class, and had been in Sparks in Nevada, I suppose, for many, many years. She was very well-known. She, I believe, retired not too many years after my class. I can remember, in the dedication of the Mary Lee Nichols School, of speaking about her as a representative of that class. They had as many representatives [as possible] of classes that had gone to school and gotten their start from Mary Lee Nichols.

Robert Mitchell, I believe, had retired or left the year before I started. And E. E. Winfrey was principal. [He was from] an early family; he had a ranch close to Coney Island, and [they] were well-known in the early Nevada days. Later, Melvin Jepson, who was later quite prominent in many phases of Nevada's political life, and economic life, also, was superintendent for a short while.

I was in the first eighth grade class that graduated into the new upper grade and high school building, which has since been torn down. It was located facing Fifteenth Street and C Street in Sparks.

I think perhaps the teacher in high school that I remember most was a teacher by the name of Elizabeth Brower, who taught languages and English, and was somewhat of a stormy personality, but I believe an excellent teacher. I believe she left her mark on many, many students in Sparks, although many of them, I'm sure, had their bad moments with her. I believe I was a favorite of hers, and even though I drove her crazy at times with my teasing, we had a rapport, and I did learn a lot from her. (Incidentally, she is still alive. She is in her nineties. [She] went to San Bernardino and taught in a San Bernardino school for many, many years. And I still correspond with her some.) Carl Shelly and I were both favorites of hers. She's got to be fairly well into her nineties, and still as vigorous and stormy the last time I saw her as she ever was.

My schoolmates at that time—Carl Shelly was a very close friend. I think my earliest memories of Carl were in about the third grade in the spelling matches. We used to be able to stand up along with Lawrence Baker, who is now an attorney in San Francisco, and from that time on, from the third grade on, we were quite closely associated.

Of course, others were Jack Cunningham, who was county treasurer, and county commissioner, and is still quite active in Reno, was a very close friend during college days. [And] Bill Downey.

Howard Caldwell, who went through Annapolis, was probably one of the first local boys to make headlines in Annapolis. He was a three-letter man, quite a good football player, later was director of athletics in the academy, was pilot of the plane that was lost in one of the Byrd expeditions to the South Pole; was lost, I imagine, for two or three days. I can remember, then, of saying, "They're going to find him." He's always had all the luck in the world, and he had something that

just always got him by in situations where you'd figure other people wouldn't get out. He had a confidence, he had a—a way about him. And I can remember the first words that were attributed to him by the newsmen, who, by this time, had gotten down to cover the search: "There never was the slightest doubt in my mind that they would find us." And there was never the slightest doubt in mine, either, because just knowing him My association with him was rather short because I think [he] spent only one year in Sparks High School, and in our first year in college, when we were both members of the SAE fraternity. Later, he was active in world War II, was director of the first retaliatory strike on Rabaul, I believe it was, and it was given quite a writeup in the *Saturday Evening Post* of that time.

Of course, there are many, many people—my classmates, and people that I associated with—that are still quite prominent in public and economic life in Nevada or elsewhere. Oliver Kistler, who later worked with me for many years in the [Nevada] Tax Commission, [is] another of my very favorite people. And I definitely remember Sarah George, who was a neighbor of ours, who was affectionately called "Aunt Sarah" by all who knew her, was very active in Democratic politics, and also, a very stormy type person. I can remember that she was in the middle of all of the political campaigns, she was in the middle of anything that had anything to do with politics. I think it was more of the old-fashioned party political organizations. I can remember many, many times of politicians saying, "If Aunt Sarah is for you, there isn't a lot she can do for you. But if she's ever against you, she can do you more damage than most of the rest of the people put together." So most of them tried to stay on the good side of her. She was associated with McCarran, Key Pittman, Tasker Oddie, Emmet Boyle and people like

this. When I say associated with them, I don't mean that she was always on their side, but if they were Democrats, she was. I don't believe she was too strong for Pat McCarran, who was a Democrat, but that, again, was the old McCarran-Pittman faction, and she was definitely a Pittman supporter. She was a very, very interesting little lady—she was quite elderly when I first remember her.

Johnny George, her husband, who was an engineer, was one of the best liked men, I believe, of the old group. And I think a lot of it came for sympathy, because he had to exist in the same house and with the activities of Aunt Sarah.

There's, of course, many, many people, but I—those are just a few of them that I remember.

I can remember making this statement to Charlie Spann, who I talked to a year or two ago. (John Spann, who was in the attorney general's office and is practicing down here [Las Vegas] now, is younger than I. His brother, Charles, lived up the street from us.) I can remember saying to him how Sparks had changed, that I had lived there one time, and I said I knew not only everybody in town, but I knew their dogs by their first name. And I said, "I knew your dog by his first name. You had ol' Buck, and he was an Airedale." And I remember ol' Buck well.

Charlie never forgot that. He said, "I never—. Imagine, he remembers ol' Buck!"

And I said, "Today, I not only [don't know] the dogs, I don't know one out of ten people—or, one out of a *hundred*."

[Sparks] had its good points and its bad points. Its social life revolved around, as it did in most small towns, the lodges, and old Robison's Hall, where they had the local dances. And we had our "tough kids" from the shops, and the apprentices, and that group. And we had the group of kids whose fathers

were better fixed, like mine, and who went to college. There was quite a broad breaking point there. The kids that didn't have the opportunities didn't associate too much with us. We did gather in the old Chocolate Shop that was run by Peter Demosthenes, who gave me some of my first lessons in life on economy, always ready to loan us money in a pinch. And the pool hall, where the railroad men hung out, one or two places. But it was just definitely that kind of a town.

The big strike of '22—I don't remember too much. Of course, there was the sane old repercussions of men having to live down being scabs, or kids whose fathers were scabs. And it was just completely tied. The Depression, of course, made it much worse because the railroad had to cut down. They just worked on the theory that to keep expenses in line, why, you just cut'em back, that's all.

It was about this time that I can remember best the old peephole places, and the bootlegging joints. And, course, Sparks [had] a different type than there was in Reno—on a little higher strata of society. But it was a notable era.

Basically, the politics of Sparks were carried by a few of the old reliables, [the] few people who took a little more interest, and the old families. In those days, the young people had very little interest, and well, they were taught that they didn't know enough to get into politics. We were supposed to watch our elders. And, of course, we had our elder statesmen in the city council, and the school board, and those areas—a lot of 'em businessmen. Few of the railroad men of that era were particularly interested in anything but making a living and running the railroad. Later, they began to develop some that participated in the city council and the school board, and those areas, but in the '20s, they pretty much stayed to themselves, as I

remember, and left that end of it to some of the businessmen, the old families, and some that I would have termed the "elder statesmen" of Sparks society.

There were some leaders during the '20s that I might talk about—Lee Walstrom, the chief of police. I remember Lee Walstrom very well, a fine old gentleman. Of course, in those days, the police force was local. We, in the younger society, had a little fun with 'em. And we spotted—as kids quite often will—kids, as they are today, are pretty sharp in spotting weaknesses and exploiting them. And, of course, this was an era where the jobs of patrolman, particularly the night force, were given to "deserving" people—some guy that had a big family, and he'd lost his job, well, then everybody went out to see that he [was] put on the police force. That was one of the methods. Even the chief of police in those days was a local man of sterling character, and some of 'em had previous experience. I believe Lee Walstrom did. He was quite an elderly man, as I first remember him.

Oh, J. H. Crowley, who ran the first theater, was one of the early chief[s] of police. It was strictly a political job that was given to somebody that needed a job, and the chief was somebody who was a little more articulate, and done a little bit more, but it was in no way a professional department. Of course, we used to call them the town clowns. And we'd have a little fun with 'em, and, of course, we'd devil 'em wherever we could, to the point of not getting ourselves into trouble.

The fire department was the same way—good, steady people, and jobs for others that needed it, more than anything else. There was little in the way of professionalism in the thing.

Sparks, in those days, had a bad reputation as a speed trap. And it got a reputation as a

speed trap that went all over the nation. And yet, basically, I somewhat defended that, 'cause I think, like a lot of things, it was something that wasn't understood. And later, when I got into the garage business in the early '30s and worked odd hours, and early morning hours, I saw a lot of it. And Sparks, I think, was featured in Ripley ["Believe it or Not"] once, as the longest main street in the world, all on one side of the street, because the Reserve, as I've said, from Fifteenth Street down to Eighth Street, that side was reserved by the railroad for private residences, and that property they had reserved and sold to their employees. And from Eighth Street on down on that side of the street was the railroad fences. So all of the business was on one side of the street. It was, for its day, a reasonably wide street. And people came out of Reno, as people quite often do, with bad memories—they'd had a bad night, some of 'em had lost more than they should lose, and I saw it many, many times—and they said the main thing they wanted to do was to get out, and get out fast.

Well, after they got out of the somewhat urban area of Reno, and they hit this long main street of Sparks (there was only a few businesses on one side of the street), and here was a long, straight stretch, they'd cut loose, and they'd speed. And they got picked up quite frequently- "I lost money, I wanted to get out of here as fast as I could get, and I wasn't just thinkin', and I just—I saw a long, straight stretch, and I just stepped out."

I suppose that, probably, they got to relying a little too much on fees from speeders, but I didn't see the evidence that I did in some other areas of a real speed trap. I'm sure they had the problems—they had a motorcycle cop. They only had one, but he was rather new for that time. You didn't see too many of them. Reno, as I remember, only had one—one that every kid remembers, ol' Bill Dean.

(Everybody loved him because he was quite a character. He basically liked boys, put up with 'em. But he was a rough guy.) And we would have, sometimes, "deserving citizens" that had to learn to ride a motorcycle. Once in a while, we'd get a pretty good pro for a little while. But they would pick 'em up for speeding, and they'd fine them. And Sparks got a terrific reputation as a speed trap in the '20s and early '30s. But there, I think, was a reason for it.

The first real professional, I thought, that they got in the police department was a red-headed man by the name of [Harry D.] Fletcher. He was a good policeman, and he'd had some police experience. I think he came first as a motorcycle cop there, but I think he'd been in police work before. He was a good policeman, and he developed a little professional attitude at it. (I believe his—I'm not so sure that the man in the First National Bank isn't his son. I think he's one of the top men down here now. I've never had a chance to explore that.) But Fletcher was one of the first, and he lasted quite a while.

'Course, police chiefs didn't last too long in those days, being the type of job it was, and political. But Fletcher lasted quite a while. I think his was the start of a more professional department. We still had some hangovers of the old, deserving citizens, but it came to be more professional, and by the time the '40s rolled around, as I remember, it was more of a professional department. And it's grown in that respect since.

D. J. Fodrin, who was in charge of the ticket offices and the freight office, was very prominent in public life. He was on the city council, he was on the school board for many years, and he was a very solid citizen, typical of the era. Of course, there were several of that type of railroad men who did take an interest in [community]. But he wasn't in the rank and

file; he was the general freight and passenger agent in Sparks, a little well up the ladder.

Bill [W. R.] Adams, whose son, I think, is still in the jewelry business, was very, very active in both school and political life. Archie Cross was one of the few railroad men—he was a passenger conductor—served in the legislature, and served on the school board, and took an interest in community life quite a bit. He was quite active in it.

People like that were the backbone of that structure, and everybody just kinda relied on them to carry it on. And basically, it was in pretty good hands. They were capable men, conscientious men. They had their own theories, and didn't have too much trouble in making them work because they were a member of a pretty close-held group. The people generally were fairly well satisfied with it.

I can't remember any notable special events that impressed themselves on a kid of that age—[except] one of the annual events in Sparks, always, was the Labor Day celebration. It was, of course, being a laboring town—it was [important]—the Labor Day celebration. And we had a front seat to that. We'd sit on our front porch, and the center of most everything was Tenth and B Street and that's where we lived, on the other side of the street. So we sat on that side and watched. The bandstand was where all the speeches were made, and they'd get McCarran, or Tasker Oddie, or Emmet Boyle, politicians of that day. And that was one day when they were very much in evidence, because that was the day when everybody came to Sparks, and they were out in force, particularly in election time. They were distributing their cards, introducing themselves to people. My first exposure to Tasker Oddie, and McCarran, people of this nature, came in those old Labor Day(s). I can well remember Pat's oratory, and

wavin' the flag, and motherhood, in a stirring voice. Ed Mulcahy was pretty good at it, [too]. He always substituted when necessary, and he could draw deep on the emotions. Ed had a tremolo in his voice he could always bring out at the right time when he needed it to get emotion up to a little higher pitch.

The old Sparks fire department was originally a volunteer department, and much on the lines—it was carried on later years to the railroad—they were little twowheel carts, pulled by men, the volunteers. And when the fire whistle blew, everybody—the volunteers—ran out, hooked themselves up to the little two-wheeled hose cart, and would go tearin' down the street to the fire. And, of course, much a part of the Labor Day celebrations, there always was a hose cart race, of various hose carts. And, of course, the city carried that on much longer, because in the confines of the yard, they had to use this hose-drawn cart.

Sparks got a[n] American La France pumper. I can remember then what a marvel we thought it was in the old days, when I couldn't've been more than the sixth, seventh grade, something like that. They had one motorized unit about that time. Prior to that time, they relied on the twowheeled carts, but even after this motorized unit was in, for quite a while afterwards, we would still see these little two-wheeled carts comin', chuggin' down the street, with men in harness pullin' it.

In those days, the '20s, when we were goin' to school—of course, most of us were from railroad families, and the railroad was very good to us, and we always got summer jobs on the railroad, whether they needed us or not. (As I say, they weren't so heavy on expenses in those days.) [We worked] both in the motive power and the maintenance crew in the shops. The shops was the big end, 'cause all we were looking for was a job, and that's what we got.

And we'd go to work as a machinist's helper or working in the storeroom, at forty-seven cents an hour as a machinist's helper, \$3.76 a day. But we got a summer job, and this was just something that had been developed as our right. All of the railroaders' kids got a job in the summertime. Of course, I wanted to go on the road because the money was so much better. And some of them did go on the road, although they had to stay out of their first month in college because September was a strong month on the railroad. About the end of September, they'd get laid off, and then they could go register late at school. And they made what we considered a potful of money because they made good money for the work.

My dad would never let me get into it, because he told me that if I did, he was afraid I would never go back to school. I'd get used to that good money, and he just said, "When you're ready to go on your own and stay that way, you can go on the road if you want, but not while you're livin' at home. Because I'm not goin' to let you. I don't want you to be a railroad man, and that's it." I thought it was a little hard at the time, but like a lot of things, I found out that he was probably right.

But that was definitely a part of the early life. Every summer, we—and all the rest of the boys were there. I don't think we contributed too much to the operation of the railroad. A few of us learned to swing a sledgehammer occasionally, and get a lot of grease on. But the old social strata still stayed, because most of the youngsters—there was a group—oh, there must've been at least twenty-five or thirty of us—and, of course, we still visited at noon hour, and plotted mischief, and we joined the local, the extra board on the fire department simply because we got off an hour and a half early on fire days. So we pulled the old hose cart on fire drill, and then we got the privilege. We weren't at all interested in the theory of

putting out a fire, or contributing to anything; we just got off an hour and a half early. So I learned about the old hose carts—how hard they were to pull. I got a little more sympathy for these guys that'd come runnin' down the street with 'em.

I'd say in about the late '20s, they were about a thing of the past, but Labor Day, they'd still—sometimes even later—still drag them out. And, of course, you had the tug-o'-war between the shops. And then the motive power department and the road division, there was always quite a bit of rivalry there. Usually had foot races, or horse races, or motorcycle races, and it was definitely the one big time of the year. Fourth of July was pretty good, but we didn't have the privilege of having the attention of the whole area centered on it, as it was in the old Labor Day.

[Sparks had] pretty much an internal society. We occasionally got over, in the later '20s, and '30s, of course, we would get over into Reno—and the theaters and most of the night life was over there for those of us that could experience it.

We started to the University of Nevada. (I graduated from Sparks [High School] in the class of '22. I believe there were thirteen in that class.) In those days, not so many went on to college. We went to school in what we termed the old "Toonerville Trolley," the old streetcar line when it pretty well covered the city of Reno. It went up to the University, and went out to what they called Burke's Addition, which is not very far east of South Virginia Street, and that older area. But by the time I had started to school, the only thing that was left of the streetcar line was the Toonerville Trolley that ran from Sparks to Reno.

We lived right on the main street—in fact, what was termed "the Reserve," which was right at the heart of town at that time, although the other side was reserved for residents. And

it contained railroad houses that had been moved from Wadsworth, and carried a deed restriction for residents' purposes on A and B Street. They had an old bandstand right in front of my house. It was built for Labor Day celebrations, Fourth of July speakers. Many a Fourth of July and Labor Day orator held forth in the old bandstand—Pat McCarran, Ed Mulcahy, Key Pittman, Tasker Oddie. Many of those I can remember orating in the old style, raising their voice and waving the flag, eliciting cheers from the crowd.

Traveling on the old Toonerville was quite an experience. Of course, it got to be quite a fraternity. All of the youngsters going to school in Reno used the Toonerville. And by this time, they'd gotten it down to a oneman operation. Necessity had forced them to do away with the motormen and the conductor, although that was the later history of all operations. This was done by necessity, and not because they thought it was probably a good business operation.

My sympathy still goes out to the poor motormen who tried to run that car and keep order with a bunch of college kids that were pullin' the trolley on him, and loading the back end with large boulders every time it stopped. Most anything that we could think of that would devil him, we'd do.

Probably one of the greatest experiences on the ol' Toonerville [was] when we used to get out of class, and open the door and sit on the back, which we weren't supposed to do, of course, but there wasn't much that he could do—he had to run his streetcar—and get enough money to buy some chewing tobacco and spit at the telephone poles as we went by. It was just a carefree expression, kind of a letdown, and I can remember that as being some of the most relaxed moments—the time we'd gotten away from the terrible strain of classes, and just sat on the back of the old

Toonerville, and enjoyed ourselves, and tried to think up more devilment.

The early days at the University of Nevada—of course, Walter Clark was president. He was well thought of by the students. He was a rather gentle man. I would say that he was quite a bit the type that Edd Miller is. I don't [know] Mr. Miller, but from what I read—I think Walter Clark was tolerant. He had good rapport with the students, he had patience, which anybody has to have in dealing with college students.

Maxwell Adams was vice president of the University, and head of the department of chemistry. Maxie was an entirely different type person. He was a *professor*, as most people think of a college professor. He was a nice man, but—. He was also, I believe, an early dean of men, or served in that function.

Of course, "Prof" Charles Haseman was one of the real great professors of the early days. He was too tough for me because he was a genius in mathematics, and possibly a little short of patience in mathematics, and possibly a little short of patience with people that were stupid in math, like I was. At least, I wouldn't study it enough to try to solve it. He didn't belong in beginning classes, but yet he loved, particularly, boys. He loved boys. He had a much deeper understanding than you would think in just watching him in his class work. He terrorized people, scared them to death in class. He used to have a habit, when he'd get up to the blackboard to extricate somebody from a problem that, to him, was so simple that there wasn't any reason for it—a little impatience—he'd take a full piece of chalk and hit it so hard on the board that it'd break off, and he'd throw it over his shoulder, and it'd go clattering in the back, and everybody'd duck when they saw that Prof Charlie was in one of those moods. I can remember the story of one of the girls who was sitting on the high

stool in this particular class, and had her heels locked into the [rungs of the] stool, and when she tried to duck one of Prof Charlie's pieces of chalk, she fell flat, stool and all, and it created quite a commotion.

I have seen him take problems that students who were smarter than I in math, would use two sections of a blackboard [to solve]. I can remember particularly Rocco Spina, who later was [injured] in the explosion [Feb., 1957] in Reno—he had a shoe repair shop near the Elks Club. Rocco was a good, conscientious math student, and he had covered two complete sections of the board with this problem. Prof Charlie had a nervous tic, I guess you'd call it, in one eye, and one eye was constantly winking. And he looked at it, and said, "Well, son, that's all right. You got the right answer. But," he says, "couldn't you do it a little easier than that?" And then he'd go to the board and he'd start striking out various lines that he had in building his premises to his conclusion.

Prof Charlie had a way of carrying things in his mind and making just a little note on the board of a number that he wanted to remember. And then he'd go to the next one, and he just kept erasing it. And pretty soon, he had the problem and the solution boiled down to about four basic propositions, and took maybe a third of one section of the board, and he'd done the same thing because of that marvelous mind.

The story was—and I don't know how true that was, but it's a good story, and knowing Prof Charlie, it could've been true—that he got his Ph.D., I believe it was, from Gottenberg University, as I remember the name. It was a German university. And they claim they gave him a mathematical problem that they'd never worked a solution to, and that he worked it out in a matter of a few months, and virtually got his degree on the basis of it, right there. It may

have been exaggerated a little, but it certainly was worthy of his talents. He was dean of men. He loved to attend the old hijinks and various functions that particularly the men students were involved with. And he was a very, very outstanding, fine person.

Of course, along with him was Peter Frandsen, "Peter Bugs," as we called him, who was another man—he was completely dedicated to his work. He trained more premedical students of his day, and interested them in medicine—just a marvelous professor. I was only associated with him in one or two classes, but you couldn't help but remember him the rest of your life.

Another one that sticks out in my mind was J. C. "Geology" Jones. He was a student of early geological structure, particularly in the Lahontan area, and was practically a genius in his line. He had a way of getting to students. Despite his vast knowledge, he could boil it down and put it in the simplest terms, whether you were a beginning student or an advanced student. And, of course, he was very important to the Nevada School of Mines.

My association with all three of those were very casual, to the point. I only took one or two classes from each of them because they were not in my field. But one would never forget them, and I think they were the basis of a strong position of the University of Nevada at that particular time. All three of them, I think, were definitely recognized nationally, and brought the academic standards of university life up.

Jeanne Elizabeth Wier—again, my association was not that close with her, [but] I remember her very well. I was associated with her a little more in later life, something I couldn't even imagine then. I never took a class from her, [but] I can remember her very well. Of course, to young people, age is a relative matter, but we thought that she was

so old that she was about ready to fall apart. She always wore a veil. Her primary interest was Nevada history, and she, of course, started the Nevada Historical Society, which in those days was just across from the gates of the University on Ninth Street. I got in there once or twice, but there was so much stuff piled up there that she collected that you really couldn't appreciate it. But this was really her life, and I found out more about her in later life, and had probably more rapport and more sympathy for her then than I did at the time I went to the University.

One of the professors who stood out in my life at the university—because history was my minor, and it was always a main interest, and still is—was Raymond Leach, Professor Leach. I took most of my history classes from him. He later was master of Lincoln Hall. He was another person who liked students and liked boys. He was a dedicated historian, but he had the ability to teach and to transmit it.

One of my best memories of Leach's history class was with my seat mate—whom I still have fun with occasionally, reminding him of it—that's Tommy Craven, who now, of course, is Judge Craven. Tommy at that time was a marvelous saxophone player, one of the best in the neighborhood. And Tommy made his way through school tooting on the saxophone, and was generally pretty sleepy by the time he got to class. We had odd- and even-numbered seats, so when-ever we got questions, of course, his questions were different than mine. Of course, history was such a natural subject to me that I used to be able to work out my own and Tommy's too. And Tommy was constantly in trouble because he seldom had had much sleep or time to study. I think sometimes Prof Leach suspected this. But as was proven later on, Tommy was a good lawyer and was able to defend himself pretty well. If he had a little

knowledge of a subject, he could generally make a lot out of it before he was through.

Professor Feemster was a character that was wellknown, and I'm sure should have been well-known in those days. Of course, our nickname for him was "Goat." [We] called him "Goat Feemster" because he was one of those scholars, an unusual-looking man, and unusual personality. He was one of those scholars that was so tied up with the academic side of his work that the rest of his life didn't affect him much. He didn't pay much attention to his dress. He had a large family, and I think economically, had a hard time to survive. But he did raise goats. And it wasn't hard for those with a more sensitive sense of smell than I had to detect in class the hangover of his taking care of the goats. And that, of course, was his nickname.

He was the type of professor that could give a lot to a student that wanted to take it out. He took more of the political science portion of [the course] that was combined history and political science. To students who wanted to get something from his courses, I think he had quite a little to give. Lots of students didn't think that, and, of course, he was the subject of many jokes and jibes during the time that I was there, and, I think, during the time he was in college. I can remember seeing him going from the old Stewart Hall to the library, which was just across the vacant lot, with some paper stuck under his nose, reading it all the way he went. We watched him walk up and down a pile of manure, and back down onto the level, and I don't think he even realized that he had been off of level ground at all, because he was so busy reading while he was going as he went.

I took two classes from him later, with my history minor, the compulsory one on political science, particularly political science as it applied to Nevada, and the Nevada

constitution, and Nevada political structure. It was a required course, and, of course, because it was required, everyone grumbled. I rather enjoyed it. I took a course in the history of World War I, which was his real love; it was his specialty, and he spent a lot of time on that, and I got a lot out of it.

One of the oldest gags that [was] pulled by the students (and they thought of plenty) when they weren't well prepared they always knew how to get him into an argument. And the planning would go on ahead of time. Several of them would agree that they just weren't prepared when he was about in the mood to give 'em a quiz, so they'd get him into a political argument. It was never hard to drag him out, and then sometimes, he'd hold forth for the rest of the class and forget about the things that we weren't prepared in.

Particularly, he had a crusade on gambling and illegal slot machines in Reno. Those days—that was in the days of the Wingfield machine. E. E. Roberts was mayor, and, of course, a liberal. And the slot machines were—there just seemed to be a gentleman's agreement that if they were confined to a certain section of town, nobody bothered them. Now, it may have been that they were in some of the better places, but I never had access to those, private clubs, or something. But the gentlemen on Commercial Row across from the depot, which, of course, is the seamy side of any town, and we used to call it the mud, they played poker and had slot machines there. It was the downfall of many a university student because you could get into a poker game for fifty cents. Of course, you didn't stand much chance of winning with that, because somebody could put a little more money in the game, and there were plenty of 'em to immediately force you out with it. But when we were down to our last fifty cents or a dollar, many a time we put together to get

fifty cents, and staked somebody to play in the hopes that he'd come up with a few dollars it we had a weekend coming up and no money. (Jack Cunningham and I spent quite a bit of time with that. Jack did better with that than I did.) I can remember many, many a university student there. I can remember one time Feemster showing up, and we all started to dive for [cover]—back of the tables, or anywhere we could get, to keep out of sight. But it was always a pretty good—if you started talking about the political structure—you know, and in all fairness, he had a lot on his side, because it was a liberal administration, and it was illegal.

I majored in economics and business administration. I stayed out of school one semester, my sophomore year, not that I flunked out, although I came awfully close, but mostly because my sister had won a gold medal for high scholarship in a university, and I just never spent enough time to get by many classes. I had too many other things on my mind. I started in engineering, because it was a coming thing in that day, just as physics, and data processing, and things like that are today. I tried to struggle through a couple of Prof Charlie's math classes, and I wasn't doing too well there. But when I hit descriptive geometry, that's the one that turned me—. That was the second semester of my freshman year. [Clarence H.] Kent, no relation to the Kent family in Fallon, as far as I know, taught descriptive geometry in a few classes and was also the band instructor, and he devoted quite a bit of time to the band.

One time, when they were going to Mackay Field, he happened to remember something that he'd left in his office, and sent one of the members of the band—gave him a key to his office and sent him back for whatever it was he was missing. Well, it happened to be a fraternity brother in the SAE

house, and being an engineer, he made good use of his knowledge by taking an impression of the key before he returned it to Prof Kent. All of the examinations were on the drawing boards. They were given on an even and odd basis so that one person on each side of you didn't have the same set of questions that you'd have. He always made them out on little strips, typewritten strips that he distributed to students on an odd and even basis.

I don't know how long this had been going on. I never did find out who the genius was that had the key, but somebody in the house had the key, and before his quizzes, he would go in and get the examinations the day before, and we'd go over to the house, and one of the upper-class students'd work out all the questions for us. It took me a little time to find this out because I lived in Sparks and was not what they called a "house man;" I didn't live in the [fraternity] house. But I went over there and would copy down the questions and the answers and we would be drilled in the answers of 'em, because you had to still do them on the drawing board.

I couldn't pass the examination then, [even] after I'd had the questions in advance, and I didn't have to be hit in the head any harder. I came to the conclusion I wasn't cut out to be an engineer! I think I took trigonometry two or three times, and it didn't take long for me to figure out that if those things were my stumbling block—. But I just didn't know what I was doing in descrip[tive geometry], and yet I remember, years later, of discussing it with my brother-in-law, who was an engineer, and an honor student as an engineer, and a very successful one, who laughed and told me then that I really shouldn't've felt too bad about that, because he didn't know what he was doin', either! But he did pass the course, which I couldn't [laughing] do.

So when I did come back the second semester of [my] sophomore year, I had just about enough credits, other than those I had "conditioned" with, to give me one good semester's credits. I started in the second semester [of] what normally would've been my sophomore year, and, of course, actually, was completing my first year.

I took a class in beginning English, English II, that year, from Professor Higginbotham, who later was very, very well-known, and I thought a lot of him in later years. But like Miss Wier, my association with him was rather distant, because, as I remember, my only claim to fame as a student of Professor Higginbotham's was that I flunked English II because I failed to get in my term theme. I got it in, all right, but I got it in a day late, tried to stick it under his door, and the janitor got it instead of the professor. He might've flunked me anyway.

In later years, when I was in the [Nevada] Tax Commission and associated with gaming, I had a very good relationship with him, and he used to have me on his editorial class. He always had me over one session that they would have, and we would talk and discuss Nevada gaming and Nevada's financial structure. He always introduced me in very glowing terms to his students. The first time that he did that, I reminded him of something he probably had forgotten, because I know I didn't make much of an impression on him as an English II student. I reminded him that my only association with him was when he flunked me in English II, and he actually blushed! I didn't have the heart to remind him in succeeding classes [laughing]. My only experience with him in a university was that flunking, and probably deserved it.

But, of course, he was very instrumental in Nevada School of Journalism. I had a high

respect for him, as I think his journalism students did. He, I think, started the first journalism classes at the University, or at least it was the first time that they made any progress in journalism, and he devoted his entire life to it.

Prof Thompson was another who belonged in a class with Haseman, Jones, and Frandsen. The man was a genius in philosophy. I didn't take courses from him, except later, [in my] junior and senior year. He had a faculty of making you think, which disturbed me, that period of my life, because I didn't devote too much time to that. I can remember actually coming out of his classes with a slight headache, which, to me, wasn't real good. And the only thing I could attribute it to was that he had kept me thinking so much. And he knew how to bait you. He knew how to draw you out. I took, really, only one philosophy course from him, and yet, basically, today, I think I could recite most of the things that we discussed in that class and the basic principles that he taught us. I ran into it not too long ago, the basic philosophy that Prof Thompson taught us in that beginning [course]. It was a general course in philosophy, and just designed for those who were not going to major or minor in it. Some of the required reading that I did in that class I still remember quite vividly, and I would have to attribute it to Prof Thompson's genius in drawing you out, making you think about things. I sometimes wish I'd taken more because of him.

Professor Young, who was head of the department of psychology, was another student, somewhat on Maxwell Adams' type. But for students who wanted to get the things from his courses, he was most interesting. I, again, took only one course, the general course in psychology, basic overview, and found it most interesting. He had a way of making it interesting.

I started my major in the sophomore year, of the business administration of economics, and really, as a junior, was the first time that business administration and economics, I believe, were given recognition in the University, other than just being sidelines. And, of course, Edward G. Sutherland came. His first year was my junior year. And he was a person who I think most students who went to his classes remembered very well. He was a theorist, and we used to discuss him many times. He was a good teacher, but his theory bothered him so, and he was bothered reaching for a—what he called a philosophy of economics. And we always had the impression that he was reaching for something that he wasn't quite able to grasp. He knew it was there, and he sometimes, I think, was trying to use his students to help him in this respect. He was quite a character, a person you had to understand. I thought quite a bit of him.

We had some pretty good students in those days, I think. By this time, I had become a better student because I liked it. I managed to study enough to where I never was an honor roll student, but I used to be able to get in the upper fringes of the grades in the classes with—still—remarkably little study.

Ernest Inwood, who later taught, I believe, at Nevada, and who was a scholar—he was a true scholar—was in the same class. I liked accounting, and Ernest liked theory, so he probably got more out of Sutherland's classes than I. Fritz Hagmeyer was another one who was a very good student. Ed tried to get a group of us (I can remember Hagmeyer, and Inwood, and myself, and Bob Stewart, whose father was dean of department of agriculture, in that group) and he wanted us to take graduate work in the University while Ed studied for his Ph.D. And I believe Ern Inwood was the only one who did that. He did

go on. Ed wanted us to get together and get a house, and we'd all study. But again, there was a suspicion on the part of some of the fellows that Ed wanted us all in the house, and figured that we—. He told us he picked us because we were the best prospects that he had, and he thought we should go on and get a master's degree, which, in those days was quite a high degree. Not very many people went on to their master's degrees. But there was suspicion on the part of many students that Ed wanted us all together so that he could get us to help him write his theorem, or philosophy, for his Ph.D. dissertation. But Ernest did go, I know, and, of course, made good use of it.

Incidentally, as far as I know, Ed never did get his Ph.D. He was always going to do it, but it was just one of those things, that he was—hadn't quite reached out far enough.

The one who made the biggest impression, probably basically, for the things I remember as a student, was W. R. Blackler. Bill taught the business administration and accounting side, and Ed took the economics and the theory side, because each leaned to that end of it. I think he was one of the finest teachers that I had in there, as far as contributing to my life. He was an excellent teacher. He liked to teach, he knew how to teach, he knew how to make things reasonably simple, down to the level of the students. He had lots of patience, and he liked his subject, and he had a faculty for being able to interest you, particularly if you were interested in one of the lines. I think I was his prize student in accounting at that time. I took beginning accounting, and I took the second year accounting from him, and occasionally would teach his beginning accounting class when he, for some reason, couldn't be there. He wanted me to go into teaching. He claimed that was really my work, and where I belonged. He wanted me to go on to graduate work, but he wanted me to do it

to become a teacher, and I couldn't quite see it that way at the time. But he made a very definite impression.

I've said many times, out of your whole college course, you can quite often (I could, at least) boil it down to just a few things that you carry away with you permanently. Things that you carry away with you permanently. Things that I learned from Prof Thompson in that one class in philosophy I always use, recognize when I see it, and it's always been a basic part of my life. And I always said that practically everything that I ever used in making a living, or in economics, were things that I learned from Bill Blackler. I had a chance to tell him that some [time] later. I don't think he taught too long there. I was away, but I think he taught another three or four years. I believe he finally went down to the Department of Education in California; the last I heard of him, he was with the California Department of Education in Sacramento. I only had seen him once since then, but I did have a chance to tell him that most everything that I had carried away from college that I could utilize, I learned from him.

* * * * *

I was gone during the era of the old Willows. That was a very famous—[of] course, that was the upper strata. At the time I was goin' to college, they wouldn't let you in there, if they knew we were college kids. A few of the kids that were a little older, [or] could pass for bein' a little older, occasionally would get into the Willows with their dates, and then come back and tell us some of the stories. But that was where the upper strata, maybe the wealthy, and the political leaders, gathered. And I don't blame them [if] they weren't too interested in having kids there.

I remember the old—'course, that was a little later— the old Town House. I think it was started by Charlie Rennie, and it was considered the most luxurious thing that ever hit the area. The bricks are still left, by the old golf course, the old county [golf] course. Well, it was Charlie Rennie of the Town House, and they called it the Country Club. It lasted about a year before it burned down. [And] the Willows burned. 'Course, in those days, neither the insurance companies or anybody else could quite figure whether it was an accident or whether it wasn't. (But I know the insurance company had suspicions in some instances that they weren't accidents [laughing].) And there was a while it got a little hard to get insurance [for] gambling places, and things of that nature, bootleg places, and so forth, for that reason.

Sparks never had any fancy places. Theirs was pretty much limited to the water front and the group that'd stop in there on their way home from work. Angelo Benetti was the king of the water front in those days. There was two Benetti's, but Angelo was the big man in the Italian strata and society, and he, somewhere or another, had a finger in practically everything that went on there. I think he was the big supplier. And he had, as the saying goes now, he had a piece of the joints, most of them. Those were the days when they'd hire these bartenders to work in these bootleg joints, and they had a moral commitment to them that if they got arrested or they got sent to prison, their wages went on when they came out. Angelo Benetti always— [he] was Italian, and they always called him Angelo Benetti. And, "I work for Angelo Benetti. I work for Angelo Benetti." And Angelo treated 'em right. If they got sent up, whether it was for the local jail, or whether it was to the—a few of 'em made it as far as the state prison—he paid them, and saw [that]

their families got the money all the time they were off. So he was a big man in the strata.

Angelo had an old building that I well remember as a youngster—old, big, two-story building that he bought as a storeroom for his activities, which were well-known to all the people in Sparks. And, of course, the—I've forgotten what they call them, but the revenueurs of that day were not popular people at all. 'Course, the Volstead amendment wasn't popular. Nobody supported it, and everybody encouraged its violation and bragged about it. And, Angelo's activities were well-known. Everybody knew where he kept his things. In this old place he had thousands of bottles, and a lot of his whiskey, and things that he stored, and all of his paraphernalia. The feds raided it one time, and went in and destroyed it, broke all the bottles, just tore the place apart (they had a search warrant), and confiscated all of his supplies, and all of his booze, and everything else, whatever he had. Wine and whiskey was confiscated, and it was in great amounts, as I remember.

And, of course, they finally thought they had him. He got a good, smart attorney somewhere, and as I remember, the attorney found a flaw in the search warrant I don't know if it was a day versus night search warrant, but there was a flaw in the search warrant. And he took the case against the government and made the government drop the charges they had against Angelo, and reimburse him for his losses. I guess he even got some punitive damages. But as I remember the case, he was reimbursed for everything he'd lost, and the federal government really was defeated and very embarrassed.

But Angelo learned a lesson that many a person has learned since, that wasn't as evident in those days. He'd embarrassed and defeated the wrong guy—I mean, the federal government. He'd picked one that he couldn't

win. And for the rest of his life, they were after him. One of the earliest developments that I ever saw was they used another agency, a well-known agency of the federal government, to get back at him, the IRS, or whatever passed for the IRS in those days. They started getting him for income tax violation, and they just started going after him, and they started going through everything that he had, and, of course, that was a vulnerable spot that he had. I think that was before the decision that protected the evidence that you got in some other department of the federal government that could hurt—that such evidence couldn't be used against them. Of course, that's the case now, but in those days, I think they could use evidence of bootlegging, or anything else.

And, of course, he had a family in Sparks, a daughter that I guess is still around, and a nice family. But in my opinion, Angelo was just virtually hounded into his grave. He didn't last too long. The government just got him into one thing after another, and he got so worried and run down that he got pneumonia and died from it. Of course, the sympathies of the local people were all for him. He employed lots of local people, he was good to them. Nobody had any sympathy for Prohibition. And I think, probably, by the time they had gotten him, Prohibition may have been just about over. As I remember, it was in the early '30s. But he didn't last. And he found out, as many people found out afterwards, that the federal government was the wrong "person" to take on, and they had a long memory, and they had lots of facilities that went on for a long time afterwards. I think many and many a person in the same general strata has found that out as time went on, [but] that was the first time that was ever driven home to me.

A lot of the life in those days revolved around the speakeasy and the water front.

That was always, of course, the part that appealed to the youngsters. We were too young. I was too young to go to most of it, to get in through the front entrance, but I could always get in the back door with somebody I knew, or knew their kids. They were a little afraid of the college kids. That was one of the advantages that I had. They knew me, and trusted me where if college kids came around, college kids had a faculty for gettin' people into trouble. So I was a pretty good go-between for the members of the fraternity.

I can remember when I was a freshman in the old SAE house, which was across from Manzanita Hall, on North Virginia. The house of a very prominent family burned down two doors away from us. I wasn't there at the time of the fire, but I noticed the first weekend after the fire that that house was in bad shape. And these college kids living at the house there had run out to help the fire chief. Lee Hawcroft was fire chief, an old-timer, and, of course, we used to have a little time pokin' fun at him because he was kind of an excitable guy. He'd run around roaring his orders, and then he'd see a fire break out somewhere else and countermand them a little. (I guess maybe I did see the fire at the time, because I do remember Lee Hawcroft running around, but, anyway, the house burned down pretty good.)

And I found out afterwards the kids had gone in to help pack things out, but what they had packed out were the demijohns full of his prize pre-Prohibition whiskey that he still had quite a bit of. I began to notice evidences of [it] around the house, and I began to also notice a different tone around the house. And these kids, probably for the first time in their lives, were passing around—and then, of course, they had their friends in and were drinking—pre-Prohibition whiskey, and they had no way of measuring it. The only thing that we'd been brought up on was the old jackass, the

old white mule, drugstore gin, or wine. And they couldn't handle their [laughing] pre-Prohibition whiskey, and the house was in a bad shape! (And it took me a little time—I was a little naive then, the year I was a freshman.) I found out the source of it was the demijohns that they had packed out. Nobody had noticed that this was what they were concentrating on packing out. They'd just gone up with the idea of helping. Everybody was around helping pack out furniture, and everything else, but the kids packed out [laughing] two demijohns of his private stock. I don't know if he ever found it out. He was a well-known man in Reno, politically, and socially, and economically.

But fortunately, the fruits of their endeavor didn't last too long, because I guess they'd passed it around to their friends, and at that time, passed out—passed off quickly. But it was a hard time for the college kids. They weren't used to that type of whiskey, at least, they blamed it on that.

Of course, the closed-door places were operating all the time in my college life, but as I say, we—at least I never was able to get into 'em in that period, being too young, and having the stigma—which was definite—of a college kid. Some of the older boys did. We had to content ourselves with buying wine in Sparks, or occasionally buying some drugstore gin, or something of that nature. But we didn't have the privilege of those places where we could live it up, where the rest of the upper strata of society did, and probably, it was just as well.

And, of course, prostitution was open in those days, and to this day, I don't think it had the effect on college kids that a lot of people think it did. Again, I was young and naive, and unfortunately, looked younger than I was, which was awful hard on me in those days. Even when I was twenty-one or twenty-two,

people thought I was about eighteen. So—but from what I observed of the thing, it had some of the evils and—some of the good and some of the bad things.

One of 'em was right on the river where the Bundox is now, [a] big area. It was fenced in. I think there was a couple of 'em in those days. But it was open. Older college kids, of course, had pretty good access to it. And I don't know—I still can't make up my mind as to what effect. It had some good effects and some bad effects. Definitely, I think it had good effects [to] the extent that venereal disease was controlled better, and I never saw a streetwalker, or recognized one, until I got out of Reno and got into St. Louis. It was something that was entirely new to me, the idea of being accosted on the street by a streetwalker.

There was a short period when Harry Stewart was mayor of Reno—. (I got to know him later much better. I think he served another term later on in an interim period.) He was part of the reform movement. Of course, any movement that succeeded E. E. Roberts and that group was—by contrast—was a reform because they were very definite liberals. Stewart closed it up for a period, and then I understand they retreated to the hotels and dispersed into the other parts of Reno. But that didn't last long, and I just think that probably the people felt that it was better the way it was. It's hard to convince people on the outside, I know. But anybody that's been around young people and college kids, you're not goin' to keep 'em away from things like that. It's just a matter of how you control them. The same things go on there that would go on—. The smarter and the older kids, of course, knew how to penetrate them when they moved and were scattered around in the town. The younger and more naive kids didn't. But you knew it was goin' on.

As I remember, Stewart's administration only lasted the one term that time, although he later came back. He was a fine man. But he was a reform candidate. There was even a period when slot machines were a little difficult to find in that time. I can't remember when that was, but it was in the mid-'20's. But they got a more liberal ticket in. It was backed by more influential people, people who felt the town definitely should be open—more wide open. It was that time and that era.

I actually got to know more of the clubs in the bootleg era in the last gasps of the Prohibition era in the early '30s, when I was older, and finally could convince people I was twenty-one [laughing]. Then I could get into some of those little clubs and be more of a man about town. But in the early days, I was definitely a more naive youngster, and, of course, considered a bit dumb by some of the wiser strata of university society.

Many people who discuss railroading also discuss Negroes. Were there many in Sparks?

I can only remember one Negro in Sparks very well. Now, in Reno there was, but in Sparks, I don't think we ever had more than half a dozen. We may have had a few families. And they were treated more on the same scale. People would speak to them. But in Reno, and around Peavine Alley and around Lake Street—and, of course, in those days, there was the old Chinese lottery places. Now it's dignified by the name of "horse race," or Keno, but this was Chinese lottery, played just essentially the same as Keno is played on the same rules today. But you'd go downstairs on Lake Street, between First and Second [and] there were a number of places. Then there was one between Commercial Row and Second. But they were down in the cellar. It was run by the Chinamen of the Chinese strata, and

you saw quite a few Negroes there. This was an area we could penetrate because if you had a dime or a quarter, they never asked you how old you were, or anything else. If you were anything outside of the category of being a child that had to be led by the hand, you could go in and buy a lottery ticket. I never was able to win anything, but once in a while, one of the kids'd go down, make a hit, forty-five dollars, or something. Occasionally, I even heard of them making the eight spot, two hundred and twentyfive [dollars], or ninety dollars, and, of course, this was a big windfall.

You saw quite a few Negroes down there, in what we called Peavine Alley. [In] Sparks, itself, I can remember ol' Billy, who shined shoes, and was gray-haired, and a very nice old man. I can remember how shocked I was once when I was down in one of these lottery places, playing a dime that I should've spent somewhere else. (Incidentally, quite often, either in the mud or buying lottery ticket, if our "commute books" happened to be out, well, many a time we walked from Reno to Sparks 'cause we spent our last dime, some foolish thing of that nature.) But I can remember old Billy, walking up to some young itinerant (he was, definitely, a young, husky fellow) and Billy asking the guy what kind of a ticket he had. And he gave him a brutal beating. I can remember him beating him, and the poor old man bleeding, his glasses were broken. Billy was a shoeshine man, and I don't even know if he could afford to buy—how long he'd had his glasses. But he smashed his glasses, and cut him. And it happened to be a Southern guy, who just told him where he came from, and black people didn't speak to white people unless they were addressed. And that was quite a shock to me. We may have treated 'em a little more humorously, or looked down on them a little, but they were treated differently than they were in the South,

what few there were there. People would speak to them, or ask them how their family was, or anything else. I can't remember, even, a lot of 'em [Negroes] in Reno.

Later, I got to know some of the Peavine group, Bill Bailey, and some of the rest of 'em up there in later years. There definitely was a small colony of them around that place, and I guess it's still true, to a certain extent. The Chinese people used them a lot. I mean, they were customers, and they had places that catered to these places.

In those times, they felt that—well, somewhat like the legalized prostitution—I mean, in reasoning. They felt that there should be places down there for this strata and this group, and they should be kept in that area. And these were the days of Graham and McKay, ol' Bill Graham financed them down there, and they had a faculty for losing money, some of them. But it was on the theory that this is the place for 'em; keep them around Peavine Alley.

We occasionally used to like to watch—go down and watch 'em strut on a Friday or Saturday night. There was enough of 'em that they'd keep a—generally, they tried to keep one gambling place open. (This was developed a little later in my career, when I got an insight into that.)

The old Chinese lottery places were another place to hang out, although *all* of the dregs would hang out there, simply because anybody that was on the bum, or a Commercial Row type—anybody that had as much as a dime could invest it. It was like the numbers game. You could invest it with the hopes that a ten spot would bring you a thousand dollars (of course, I can't recall whether anybody ever got a ten spot; I have heard there was, and I guess there was, but it'd be one in millions chances). In the ten spot, you could get four or five dollars for a

dime, or for a ticket that wasn't that hard to get. And you would get—let's see—the eight spot paid ninety dollars. And that wasn't usual, but there were some of those that were won. So it was a place where these people went when they had a dime, or a quarter, or something, with the idea—the same theory as the numbers game today—the idea that it was their one chance of hitting something.

Of course, the Commercial Row group, itinerant group, when they did, they'd generally go out on a drunk and go out of town on a freight train. That was their strata. That was their type. But there was a few others—. And you could also go down and see some of the so-called elite of Reno society. They were more or less slumming, or they were—as they still do today, showing people [visitors]. And, it gave an impression of being a much more insidious type place than it actually was, because you'd go down into the cellar, and you'd see the dregs of humanity as well as some people in fur coats there, sight-seeing or playing a ticket.

They had four companies in those days. They'd have Wong and Company, or Long and Company, and so-and-so. Each of the four sides of the room was a different company, and they had drawings every fifteen minutes, but each company only drew once in an hour. And they used to help each other, and, of course, they kept track of the things on an abacus. It was marvelous to watch one of those old Chinamen picking a stack of several hundred tickets and going through 'em with his abacus. He could just look at 'em and tell whether they were a winning ticket or a losing one. He marked the winning ones. And, of course, whenever there was a big one, why the course of Chinamen, gobbling, would go from all sides of the building, and things would really go into an uproar. It was picturesque. It was definitely a part of Reno night life. The

dregs came pretty regularly, where the higher strata came to see how the other half lived, or for want of the thrill, playing a ticket.

Visitors were very impressed. They thought they were down in the real insidious places. Really, it wasn't like that. It was around the corner from the police department. The Chinamen were good businessmen, and they kept reasonably good order in there. And it was a part of Reno.

I can remember Bill Bailey, who, up to the time I left Reno, was still around there. He was one of the leaders in the early black colony there. He was a man about six foot six, and a very interesting guy. And I had a number of experiences with him.. And, of course, today, this wouldn't be too popular, but I always enjoyed the Negro people because I used to like to watch 'em. I liked to listen to them banter and talk. I used to like to watch 'em strut in the early days, and I just thought they were interesting— not from the conception today you would have, where you have to—. We've got a different conception, and they don't appreciate that. But there was an awful lot of humor that went on, and the humorous things.

Bill Bailey was a particular foil of mine that I used to kid a lot as I later got into the regulating [of] the gaming business, and I got to know him. And there was a couple of very humorous incidents that came out. Of course, I used to chant, "Bill Bailey, won't you please come home" to him when I'd see him comin' up. He was always in trouble, 'cause Bill had a weakness. He hadn't, and never could learn, that the house side of the table was the place to stay. And he'd do fairly well on the house side of the table, but when he began to win a little, he'd go out on the other side and try to buck it, and lose his money. And the rumor was, and, I think, undoubtedly true, Bill Graham

financed him many, many times. Bill would go and run a gambling place, then he'd go broke. But they never wanted to—'cause then they said if they didn't have these places, they'd start comin' downtown, and this is something we don't want. So Bill'd finance him again. And I guess he financed others. Bill'd open places, and then he'd go broke. Then he'd open places, and then he'd go broke. And a very humorous guy.

And so—one time, when I was later in gaming regulation, of course, we'd have to license him. And this'd come quite often at a time when there was quite a bit of pressure to get another place open down there, and Bill would show up. So I got to talkin' to him one time, and I said, "Bill, don't you know that you're on the right side of the table when you're on the house side?" I said, "That's the side that you want to stay on." I said, "Don't you know that that's the side where you make the money?" Well, he—Bill always maintained that he couldn't win on the house side, either. Maybe he was being taken by cheaters. Now this was done.

But he said something to me that I'll never forget. He said, "Mr. Cahill," he says, "*you* know that the house side of the table is where you make the money, and *I* know that the house side of the table is where you make the money, but the *dice* don't know it. De dice don't know dat. And I go broke all the time." Well, if he did go broke, it was because he was being taken, and this is entirely possible. I asked him if he could protect his games, and he said, "Yeah." And he became such a frequent visitor that I used to do a little shuffle when he came in. I'd hold out my hand to him and say, "Well, Bill Bailey, what's up now?" And I'd also—which, I guess, got a little old with him, but I always enjoyed chanting, "Why don't you come home, Bill Bailey?"

One time, when he'd had a particular[ly] bad experience, I said, "Bill Bailey, what are you going to do now?" And he said, "Mr. Cahill, At giss Ah bettah go home" [laughing].

And later on, Les Gray represented him in a case against a Chinaman. Moon Wah was one that I remember. We had gotten quite concerned with Moon Wah. They had given Bill, as the parlance goes, a piece of the joint, to run it because they wanted to cater to the Negro trade. But they were the businessmen, and Bill always maintained that he was being taken. Les called me up as a witness, and, to course, he had Bill on the stand, too. And Bill pretty near had even the old sobersides judge, Grant Bowen, in stitches over his testimony. And Les would sometimes have to take a breather to get rid of the snickers and get back to the serious side when he was examining Bill. One of the things that came out was what he said to the attorney or the judge [who] asked him, "Well, did they keep books?"

Bill said, "Yeah, they keep books."

He said, "Didn't you have access to the books? You were part owner in the place. Now, you claim you're bein' taken!" He said, "Why didn't you know this? Didn't you— if you maintain all these things were goin' on, do you demand access to the books?"

And Bill said, "Well, yeah, I demanded access to 'em, all right. But," he said, "the problem was they were kept in Chinese, and I couldn't read Chinese." And later, Les tried to decipher some of the books, and he found out that they were kept in a certain dialect. I remember that coming out when the witness was examined and said, yes, they could read Chinese, but they couldn't read that particular dialect. And I can't remember whatever happened to it, but it was a long, strung-out case, and Les still tells the stories. We still trade stories about Bill Bailey.

Les Gray, incidentally, was one of the boys in Sparks that I remember very well. He was a little younger than I. His father, Harry Gray, was a quite early politician, very much a character. I could tell stories on Harry Gray from now on.

But that was all part of the early life in Reno, the early structure. The mud was a block and a half away from the center of town, and yet, socially, [and] in every other way, it could've been five miles away, because you cross from one world into another. College kids crossed it, because, naturally, college kids would cross any boundary line. They haven't changed during the years, and they're curious, and they explore. But the main strata of Reno society, the women, went by it real fast. If they had to go to the [railroad] depot, they tried to stay on the other side of the street and go by it real fast. And yet it was separated quite a bit from areas, even though it was only a matter of a couple of blocks—definitely a different part of town, where you kept a certain strata, and you kept them there. And I don't know but what the society of those days didn't work better. The, as we called them, the "mudders," we'd occasionally recognize them. Jack Cunningham and I, I can remember, used to joke, [and] some of the rest of 'em—Red McLeod., Reuben Ellsworth, and Johnny Prenderville, and all the rest of us that used to—. Of course, we knew 'em pretty well. We got so we even knew the "blinkers." We always said that when they got two blocks over on Virginia, they were blinking like an owl in the daylight. They were just in a foreign area. And they were—they stuck out, because they just didn't belong there. They were perfectly satisfied to stay in that one little square block. This was where to find 'em. It didn't take much of a job, and you'd go drag 'em out [laughing]

and bring 'em back to the fraternity house. But it really worked pretty well.

Of course, Reno in those days was pretty well limited in its boundaries. Definitely, Virginia Street was in there: the old Block N was a structure, the Block N and the Little Waldorf, the "Little Wal," as they called it—and I guess the Little Waldorf still is. The Little Wal was for college kids. They sold soft drinks, and if they bootlegged, I never saw it. That could've been done, too, but if it was at all, it was very cautious. It was just a place—. They had a card room for the kids, and they played poker there, and they'd bring their own stuff in, I guess, sometimes. But the Little Wal lasted all that time as the general hangout, and if you were looking for somebody, why—. And I understand it hasn't changed through the years that much. When we'd go down to the Little Wal or the Block N—one place or the other—you'd find 'em.

Block N was where Harrah's Club is now, next to the bank, and it was, of course, a pool hall. Dick Sheehy and Bassett Young ran that. (Dick was later warden of the prison, and Bassett Young later worked for me on the Tax Commission.) And they ran the pool end of [the Block N], and in the front end of it, they had sandwiches, the old roast beef and roast ham sandwich [es]. The roast beef sandwich was a dime, and a ham was fifteen cents. And we could get a coke or a milkshake. I've talked to many of the kids, many of them that grew up at that time, and—those I've just mentioned, they're not kids any longer—around Reno, [they] still remember 'em, and say they were the best sandwiches they ever had in their life. I never really saw any that quite equalled 'em, but, of course, when you're young, your judgment isn't that good, relatively. But those old beef and ham sandwiches, and maybe a bowl of chili! And the kids all hung out there.

The pan game was a two and a half (that was a licensed game) —it was a two and a half dollar game. You had to have two and a half to get in, and not many university kids got in. Some of the businessmen would come and play pan there. Some of the more venturesome and bolder kids that could risk two and a half or five dollars would get in. It was kinda out of our class. We went down to the fifty-cent change games in the mud, or a dollar, at the most [laughing]. The Block N was—during my college days—was (between the two places) was where you went; the big Waldorf was a little more for the older people.

And, of course, in Douglas Alley, there was numerous bootleg places, the old Capitol Club, and the old tobacco shop that was just recently torn down. It was in back of Parker's Men's store. And I guess it'd been a bootleg place, or something of that nature, because, as you remember, they unearthed some underground entrances and rooms in there.

Of course, in those days, they worked very simply. The man on the door was able to spot a troublemaker. And I suppose, by this time, I was older and able to get into these places. I never had any trouble with 'em. I suppose, having been raised around here, a lot of us, our faces were familiar, and they had us spotted. We weren't revenueurs, or we weren't policemen, and you could get in fairly easy. Only if a man was a complete stranger and had something that didn't look right about him would they really get much of an argument. And, of course, they kept just enough (the old tobacco shop did this) just enough liquor upstairs to take care of their customers, maybe a one-gallon jug of whiskey. They didn't have too much of a variety. The old tobacco shop did have some brewery beer, which was a very unusual thing. Then if the revenue agents made a jump for 'em—generally, they'd make a jump for 'em over the counter—they'd pull the

little trap, right under where the bottles were sitting, and they'd go down into this basement room and would break. They'd just hit that and break, and by the time the agents could get back down there, if they could find their way down there through whatever labyrinth there was to get down there, why, of course, the evidence was destroyed. (And I think this is what some of the subterranean thing [was] that they had pictures in the paper of, [that] they'd unearthed. I don't know that anybody recalled that it was the old tobacco shop in that article. I think maybe they did.) It was back of the Parker store, part of that property. Doc Harrison and Charlie McLear ran that for many years, one of the higher class places there on Center Street.

The minute you got over onto Center Street, you'd be gettin' into finding them. I don't recall any on Virginia. On Center Street, the old New York Club, and then up in the other area where the telephone building is now, there was two or three places always operating. And of course, Belle Livingston's Cow Shed operated for a little while out on South Virginia. It burned down. The old Cedars, which is right now—I sometimes can barely spot it because I vaguely remember how we got into it. It was right in the heart of a residential area. In those days, it was well out, and you went down a little lane to get to it. It was isolated. Gene Rovetti ran that for many, many years. This is—my memory there is in the late '20s and early '30s. And everybody in Reno went to those places, and went through there with a great deal of joy, because they didn't have any sympathy for Prohibition.

The first Prohibition agent in Reno was George W. Brady. He made quite a splash, and his family was quite well-known in Reno. He pretty much operated in his own strata, because nobody had much sympathy for him. I think probably he was one of the more

successful ones that they had. But Reno was that type of town, very much an individual flavor, and very interesting.

Where did the Indians fit into all of this?

[Laughing] Oh, the Indians! I can remember the Indians back from the time I was a youngster. And, of course, originally, they lived on the bank of a ditch, what is now Prater Way, and off of about where Eighth Street would go now. And that was a meadow. They had little shacks, and—gosh, sanitation—those things must've been unknown. They just lived in these little—sometimes even little wigwams—there was a row of them,

And, of course, they were the working group, the squaws. And all of the ladies in the better paid society of Sparks, like my mother, and the railroad people who could at ford it, would have the squaws come in once or twice a week, generally to wash and iron, and occasionally to clean house. And they would work [for]—gosh, it seems to me we would feed them lunch, and I can remember my mother giving me a dime to go over and get a dime's worth of liver, and that was enough for the squaws. Quite often, the buck would show up about that time to get in on the food. He always showed up—the old buck—they didn't believe in working, the males. They didn't think that that was the proper strata of society, but they always showed up about the time that the squaw was to collect her wages. They knew pretty well what [they'd get], and they would sit there. They would get forty or fifty cents a day, I guess, for washing and ironing and doing housework. Occasionally, they got a little smarter, and the rate began to go up a little. And the buck would generally collect it from 'em. Occasionally, I used to see him give 'em a dime back, or something

like that. And occasionally we'd also (as the South treated the Negro, as I understand it) we knew that possibly Mamie, or Minnie (Mamie was one who worked for us for many years) didn't get to take that much home, and we'd give her some leftovers and food, or things like that. They virtually lived and ate off of dirt floors, slept in one little shack with a dirt floor, and this was Indian town in those days. I don't think there was over fifteen or twenty little shacks or tents made together, and they appeared to be quite satisfied with it. If there was any work to be done, the squaw'd go along packing the wood, and the buck would come strolling behind her, strutting a bit, maybe, but just watching that the squaw properly did the work. Once in a while, you found some of 'em who'd work.

And, of course, a couple of families there, were removed from that class but were, nevertheless, Indian people—very fine families. The Vidovich family was a very fine family in Reno. I remember the boys. I remember Jerry and Jim. But they never were in this—they were above all that. They worked as a machinist, and lived pretty much as everybody else did. The Rivers family, and some of those, were—. But there weren't very many of 'em. There was maybe three or four of those families that did very well. And the rest of 'em, why, this was Indian town.

And they still practiced their old rites when I was a youngster. I can remember the howling and wailing that went on when somebody died. I remember ol' Dick ate some wild turnips and died, and the colony kept us awake all night with their howling and wailing and beating on tin cans.

But pretty indicative of that era—and I was quite young then, a young boy—there was a squaw by the name of Jennie, who came to work both for my mother and the one lady next door, and Dick was her husband, her

buck. And Dick—I can remember—wore a kind of a stiff-brimmed hat. It was pretty—. Somebody'd given [it to] him, I guess, but he looked pretty fancy in it. Never saw him do any work, except to come around and collect the money when Jennie would get paid. Once in a while he'd miss it. Of course, the bucks—if they could get their hands on any firewater—they were done for two or three days. And occasionally, the squaws'd get away and be able to salvage a little money when the buck was sleepin' it off.

Jennie showed up one time with a very bad black eye. She hadn't come to work, and then a day or two later she came. She'd been beaten up pretty badly, and she had a very bad eye. And she told 'em that Dick had beat her up, and that was the reason that she didn't come. One of the older boys in the family next door got ahold of Dick, started to kid him, and all, and he says, "Dick, you know," he said, "I noticed Jennie's got a very bad black eye. And," he says, "you know, we asked her how it came about, and she said she was liftin' the stove lid, and the stove lid fell up and hit her in the eye, slipped off and hit her in the eye, gave her that black eye."

And Dick looked at him real solemnly and steady for a minute, and he said, "Did she tell you that?"

He said, "Yeh, that's what she told me."

He said, "She lie like hell. I did that" [laughing].

This was a little later—oh, about the time I got into college, or maybe even the latter part of high school—they moved them out and gave them some land in between Reno and Sparks in what we called the old road, which is now [an] extension of Second Street, I guess. It goes back by the State Hospital. It was up in that area that's pretty close to where the sewer plant is now. I'd say it's just a little above there. They gave them—oh,

there must've been about six acres. And that was Indian town for many, many years. That was a little better. They built their structures. By this time, they'd come up a little bit in this social strata, and the bucks were workin' a little more. That was Indian town for the rest of the time, as I remember it.

And the, of course, gradually, the kids began to get a little better education. I don't think in the last fifteen or twenty years, we've seen the evidence of the—. That was the equivalent of a ghetto in our area, but they expected it, and everybody else expected it, and you just treated it accordingly. But they were quite important in the social life of Sparks. In fact, they were about the only source of housework and labor, and most of the women used them.

And, of course, I remember teasing them, of following them down the street, and we'd learn[ed] a little Indian language that we could tease 'em with. Sometimes, it wasn't very nice things to say to 'em, but we didn't always know that. Sometimes they'd chase us, and hurl this at 'em.

Then I also remember the Indians from Pyramid Lake coming in, in the old spring wagons, loaded with fish. And when they first came in, oh, it was beautiful Pyramid Lake trout. They charged you fifty cents for a big one (they pronounce it "beeg one"), and twenty-five cents for a "leettle" one. And, of course, sometimes, there got to be a line of demarcation there that it was a little difficult to determine, whether it was a big fish or a little fish, and you'd get into a little argument over that. But he'd generally make an arbitrary classification, and we used to have a little fun with that, by picking them out in the middle, and say "Now, look, chief. This is a leettle one, it seems to me."

"Oh, no, that's a beeg One!" Then you'd go and try to draw him out into an argument

more for the interest of getting an argument than for really—. Lots of the times, we didn't even buy the fish, but we sometimes would.

But again, it didn't take too long for progress to take over. And pretty soon, the Indian would show up—still had the old spring wagon, but he also had a spring scale hangin' on the back of it. And he'd gotten onto the white man's ways, and he'd found out that the simplest way was to sell it for ten cents a pound, and then you didn't get in any argument, and then he didn't get cheated like he quite often did. But, of course, they'd bring those marvelous Pyramid Lake trout in by the wagonload. A little later, in the Model T day, some of 'em even would show up in an old Model T, with some fish loaded in the back.

And then the fishermen found out that the spawn from these big trout was marvelous bait. So they began to find out they could get more for the what we call the sides, the spawn, than they could for the fish itself, because the sportsmen'll spend money for anything that works. And this fresh spawn definitely worked much better than anything else. This was in the early '30s. And it got so that you could buy a spawn from one of 'em. We'd have to pay seventy-five cents or a dollar for the spawn. But there's two huge sides of spawn, and even commercially, the sporting stores got onto it. Originally, the sporting goods store would sell it for about a dollar a side. And then pretty quick, they got onto the fact that some of the bigger ones they could pass off a half of a side, or sell it for a dollar for a half for one side, thereby getting about four dollars out of [the] spawn, out of a big fish.

Well, of course, the Indian began to learn a little, too. He began to raise his prices. And that got to be quite interesting, and got [to be a] contest for fresh spawn, because it was limited to a degree, when every fisherman in Reno and Sparks was beginning to get onto

it. But that business was blasted into a cocked hat when California declared fresh spawn illegal. And then, for a little while, you could use it in Nevada, but then Nevada declared it illegal. So that blasted that one. That ended that economy, although a lot of 'em made quite a bit of money off of it for a, while.

Those little Pyramid Lake trout started disappearing in the late '30s, I guess, or early '40s. But golly, they gave a prize for the smallest fish, which by any other standards—out of the river, for instance—it was a huge fish if the fish was two and a half or three pounds. Clark Gable won the small fish prize once, in his early days as an actor, for a two and a half-pound fish. This place would give a prize; maybe they'd register the smaller fish. But it was nothing to get anywhere from twelve- to a twentyfour-pound fish. Of course, the record fish, I guess, is still in the [Nevada State] Museum, [it] went into the forties, I think, or fifties; but from twelve to twenty-four [pounds] was fairly common. If you got an eight-pound one, why, you had what the Indian classified as a leetle one. Of course, that passed out, too, after a period of time, when the water began to change, and civilization began to catch up with you a little bit. Those were native trout.

I don't remember just when the old Indian town passed out because I probably had moved to Carson about that time. But eventually, progress moved it out.

They were a little reliable. Sometimes even the squaws had a little weakness for firewater if they'd get ahold of it, and sometimes they wouldn't show up to work for a little while.

Of course, in Carson City, during Admission Day, the Indians showed up. They loved a circus, or they loved carnivals, or anything like that, in the old days and earlier than that, in the circus days, in Sparks. Every Indian that could walk or hitch a ride for fifty

miles around was there for the circus. And that's one thing they would not miss, was a circus. And they were out, right down to the last one, I think, every one of 'em. They packed their papooses on their back. Of course, it was the one big event in their lives.

And if possible, they'd get ahold of some firewater and get out into a vacant lot, or someplace. And then, of course, they had a weakness for passing out. Sometimes they'd be out for a matter of days, and the police'd have to load 'em up and carry 'em into jail until they sobered up. They used to stay in an old lot just back of Second and Lake Street. Just right in back of that hotel there on Second and Lake, there was an old lot; they'd come in there and they'd gamble their own games, and they'd pass the bottle around a little. And, of course, they'd drink most anything they could get their hands on once they got started.

The squaw would—in normal times, you could never get anything but a grunt out of her, or a yes or no. Occasionally, you'd get one that was a little more talkative, might say a few words at a time. They could communicate all right, but they just didn't bother to. But the few that I ever saw under influences of firewater were some of the most articulate women you ever saw in your life. They'd start chatterin', and they'd never stop. They'd just completely— they reverted to the female tendency, and gosh, how they could talk! And sometimes, even on a couple of drinks. I can remember as a youngster first being exposed to it, and I couldn't figure out what had wrought this change. This woman who'd normally worked for us was comin' in and just— just really rattling it off. And they had a pretty good, vocabulary, the women. But normally, you couldn't get anything but a grunt, or a yes or a no; they just retreated back to their stoicism, and stayed there, But give

'em a little firewater, and they were something different.

And, of course, you had a little rivalry between the Paiutes and the Washoes. They still remembered their differences [of] bygone days. But it generates into an argument [when] they'd get a little to drink. But in numbers, I guess they were either assimilated or began to disappear. Of course, there was definitely a colony there for many, many years. They're a hangover from the earlier days.

We had a Chinatown in Sparks, too, and a Chinatown in Reno. The Sparks Chinatown was when the railroad was in its heyday. I used to go down there and sell a carp once in a while. There was lots of 'em down there—they still wore pigtails, a lot of 'em. [They] worked in the railroad as engine wipers, in that area. But they disappeared—I mean, as a colony. In those days, [they] lived in the Chinese colony, most of 'em, in Sparks. I can't remember, other than—later on, the upper strata was in that Lake Street area [in Reno]. But these, of course, were laborers, and laundry workers, and things of that nature. Most of 'em lived down in Sparks, where the tank farm is now— I don't think any of us really realized how many there were.

We used to catch carp out where there's subdivisions now, catch 'em in the ditches, hit 'em over the head, or spear 'em. And we'd catch 'em down in the river, fishing. Of course, the upper strata of society, our strata, wouldn't eat carp. They were too bony, and, of course, they weren't good. But the Chinamen loved 'em. I learned like the Indian did, there. I learned that if I had four or five big ones—and, of course, the carp grew huge—or, three or four, even, you might get a dime from 'em, if they were interested. If I had a gunnysackful, I'd still get a dime, 'cause they never offered [more, than] a dime for the kids. Like the Indians, we were young kids, but it didn't take

us too long to find out that it didn't pay to go down there with a gunnysackful.

And a little later on, I found out that a lot of the Italian people didn't turn up their nose at the carp. But I sold them by the piece, so much apiece. I learned an economic lesson, that you just don't go in with a huge bunch. I had quite a little route there for a while. And they bought 'em and seemed to like them. I think you could, with a little patience and a little time, make them edible.

Of course, kids get around. In the first place, when you're a young kid, you get around 'cause you're curious. We went everywhere, and we peeked, and we went over fences we weren't supposed to, and we had pretty sturdy legs to run on, and we enjoyed this. And the, of course, high school kids, they're astute. They pick out things. And we picked out things that I think, now, is so evident. (They're so much smarter than they were in our day, but I think, now, the older generation is beginning to realize how smart these kids are.) And we were a lot smarter than they gave us credit for. We could pick out the weaknesses and the bad parts of our social structure. But at that time, I really had never thought of it (until we've been discussing it here) how—maybe polarize is the word for it—but how much they retrieved their own little areas. Chinatown was Chinatown. Indian colony was Indian colony. And—except to perform their function in life, of working, or something—they just never departed from it. And in the Negro area, the Black area, the Peavine Alley area, why, you stayed in that area. And everybody stayed in their own—. What we called the mud, the old Commercial [Row] area, they stayed to their side of town. And it never occurred to them—equal rights, as such, had never occurred to them, and they didn't expect it. And everybody stayed in their own niche. That was it. The Italian area was

the old Ward Two in Sparks, the second ward. It was down from about Fourth Street to Sixth Street, and from Main Street down to Prater Way, and most of 'em congregated in that crowd. They congregated there not because they had to, I suppose, but because they wanted to. Integration was just something that never occurred to 'em, and they didn't want it. It was not an inviolable rule. There was lots of 'em—or, many of 'em—that moved out. But most of 'em, by choice, this was their choice, stayed in their area.

Of course, this [is] the problem of getting older: it seemed to me like they were very happy times, because everybody accepted the things. And, of course, there've been many, many improvements that're proper. And it's a good thing. I don't want to go back to 'em, but—. I don't think we could. But at the time, they seemed very reasonable and very proper, and we all accepted it, and lived accordingly.

INTO THE WORKING WORLD

Those days, when I graduated, the college was probably under a thousand. I think we were struggling to get to the thousand mark, but it was an interesting school, and I had a very high standard in those days, mostly due to the fine teaching staff that they'd had.

When I graduated from the University, I really didn't have any idea as to what I was going to do. I've always had a sympathy and an empathy for youngsters who, even today, come out of college a little bewildered. The only thing that I knew was coming was the one thing that I could really latch onto, that I really understood, and that really was very clear to me. I knew I was a good student in accounting, so I had to assume that accounting was going to be my basic method of making a living.

I went back to St. Louis for the summer with my brother-in-law and sister, both of whom graduated from the University, class of 1920. He tried to interest me in staying in St. Louis because in those days, even then, the Pacific Coast was not the center of economic activity. Most of the things in the Pacific Coast were branch offices, branch lines, and people who got their real start generally got their start in larger companies at the home office, and then graduated out into branch offices. And, of course, Tom [Jones] saw that, and tried to lecture that to me. I was quite torn. All of my family interests, romantic interests, and everything else, were at home, but I did decide to stay in St. Louis.

I got my first job with Huttig Sash and Door Company, and I met a man that's recently put a question into my life that someday I may find the answer to. I had interviewed many, many places. I just went around looking for a job, and I was looking for accounting jobs. But every time that I applied, I was generally told that I wasn't the accounting type, that I was a sales type, that I should—. I can remember 'em, men in the business, asking me, "Would you be happy to sit down—could you sit down and run adding machine tapes. all day long, and just see nothing but figures, and running and balancing sheets, and so forth?"

And I said, "No, frankly, I can't." Detail always bored me a little bit, but what I liked about accounting, was I could see farther than the detail of it.

They said, "Well, you're going to spend a lot of your early life doing just that."

Well, I said, "Well, I'd have to confess I would probably be very poor at it, or not at all good. I'd have to force myself."

So I kept getting shunted off to the sales type. My brother-in-law was a salesman by this time, in the engineering business, but nevertheless, in the selling end of it. And, of

course, he was enthused along that line. So I answered an ad at Huttig Sash and Door by a man by the name of Leonard Woodcock, general sales manager, who wanted to talk to me. So I went to talk to him, and he gave me a job there, I think the first and only time that I ever had my fraternity give me any kind of a boost. I never was much of a fraternity life person. I had my SAE pin on, and when I went to interview the man that I was going to work under, a district sales manager, he looked at my pin and then gave me the old fraternity handshake all over again. And it may have helped me a little in that first connection.

I worked there a very short time because in the meantime, I'd gotten connections with the Ralston Purina Company, which was very much ahead of its time in personnel work and work of this type. They gave IQ tests, one of the first companies to do that. They gave every applicant for a job a very searching interview. They tried to specialize in putting people in the right spots, and they just wouldn't give you a job just anywhere. They told me that.

I was referred to a man by the name of L. E. Frailey, who was personnel director. And they were, incidentally, one of the few companies that had a complete personnel department, that did just this. Because most companies in those days, unless they were very large, still had somebody that looked after personnel, but they didn't have a personnel department, as such, that devoted their entire time to it and did it in the manner that it was done at Ralston Purina. I had cleared the first hurdle, and Frailey told me that he wanted to give me a job, but if one came in mind, they'd call me. And, of course, I figured, "Well, that was a 'Don't call me, I'll call you' line," which I later got very familiar with in life.

Well, I took this job at Huttig Sash and Door. It was quite interesting. The

reason I say that it put a question in my life is that that is not a real common name, although certainly; circumstances are not too uncommon. But that happens to be the name of the man who took Reuther's place in the Automotive Workers—representing the Automobile Workers. He is the right age to be the son of this man. He, in my memory—and it stands out pretty good—looks quite a bit like him, and, of course, it's the same general area (St. Louis and Detroit aren't too far apart), and I still am wondering if he's any relation to the man that gave me my first job.

That was uneventful. I just sat down at a desk and worked. And I did get a call from Mr. Frailey at Ralston Purina, and he said, "We have a job for you. You can come down," which I really hadn't expected. I think I'd worked two or three months, possibly, for Huttig. As I remember, I was making a hundred dollars a month. It was a little under the going rate at that time. As I remember, the going rate at that time on the Pacific coast, was about a hundred and fifteen paid by the telephone company and most of the large companies for college men, and they would guarantee you a hundred and twenty-five in six months. And I had set my sights on a hundred and twenty-five dollars.

I immediately found another fact in life that's awful hard to overcome. Because I demanded a hundred and twenty-five, I figured that I had'em interested enough to call me. And they saw what I was getting, and they figured that I was available for a hundred, and they were going to get me for a hundred. I had quite a little go-around on that. I was finally taken even up to the vice president, and the guy said, "Well, you come with us and work for two months at a hundred dollars a month, and we'll know by that time whether you're worth a hundred and twenty-five.

And I said, "Well, fire me if I'm not; otherwise, I want it."

I did. I worked in the credit and collection department, made my hundred and twenty-five. It was a most interesting place because they were so far advanced in Personnel study. They devoted most of their time to convincing people. Mr. Failey had a way of convincing people that, once you were selected by the Ralston Purina Company—by Purina, as they call it (I became a "Purina" person)—you were not an ordinary person any longer. You were a very high type individual, you could expect nothing but the best in life, and these were the only type they were interested in. And if you stayed with it long enough, you would be successful beyond your wildest dreams. They had people from Harvard, and from Yale, and Michigan, and they reached out for them. They had both a high school graduate section and a place that they started them, and then they sprinkled these college men out in various places in the organization, convincing them that they would be no less than president in the very—not too distant future. I found out afterwards that this was a bit of a sell.

And then another policy they had (at the time it didn't impress me so much) was you were indoctrinated from the beginning that you never told anybody what you made. Your salary was a complete secret. And sometimes you'd get bulletins: you weren't allowed to cash your check with someone else present, where they could see what it was, and they made it very clear that it was grounds for dismissal if you ever discussed salary with anybody else. This was a question for you and your immediate supervisors. They also left the intimation that the reason was they paid such high salaries in many, many cases that they just didn't want it exposed.

I later found out that—I believe the reason was that they paid such *low* salaries,

particularly to people who they indoctrinated in "the future," and "ambition," and how they would encourage them, and everything. And they got by with remarkably low salaries, because I know, finally, when I left, a young fellow, graduate from the University of Michigan, finally asked me what I was getting, and I know he was shocked, because he finally admitted to me that he'd started for—he said he had a bad time getting a job, and he was only getting sixty dollars a month selling potato chips, and that's all they'd give him [laughing].

Mr. Frailey—I had one anecdote [about] him. I took a course in business letter writing from a man by the name of Professor J. W. Dignan, one of the most interesting persons I ever met in my life, and again, somebody that taught me, in a very little space of time, things that I kept with me all my life. He had a new theory of business letters. He was preaching *against* the old stereotyped letter, where people just sat down and dictated stereotyped letters, "Your letter or communication of such-and-such a date has been received, and contents duly noted," and so forth. He had written, I think, one of the correspondence school courses. He was a Ph.D., and this was his life's work, and he made a business of going into company specialization, and personnel, and analyzing their business letters. He had a very simple theory, and it was *very* effective. He came once a week to this sales managers' bureau of the Chamber of Commerce and gave this class, lectured once a week. He flew from Chicago to St. Louis to give this class and would fly back. And in those days, it was a fairly daring trip, although it was the day of the Ford Trimotor. But nevertheless, it was quite a—you felt quite honored. You had to pay for the course, and Purina had a policy of encouraging people to take courses. If you would register and take

a course, when you got halfway through it, they would pay half of your registration fee. When you completed it satisfactorily, and your supervisor agreed that it was something that would help you in the line, they would pay the balance of it. And, of course, [all] this was referred to L. E. Frailey.

I can remember when I put in with the balance of my twenty-five dollars, or whatever I paid for it, Mr. Frailey came and sat down and talked to me for a minute, and asked me about the course. I explained to him it had a very basic, simple theory (that I won't go into here) about business letters, and had remarkable success. And Frailey was very interested. He said, "You know, that's kind of a hobby of mine, and," he says, "I think I'll take that course. Tell me more about it."

Well, by this time, I'd been exposed to the old hocus— and it wasn't *all* hocus, but there was a certain amount of it in Purina. I thought, "Well, I'm just getting the same 'business.' He's pretending to be interested because he wants to show an interest in everybody that he has working for him."

And he said, "I'm *very* interested in that. I'm going to look in there. I'm going to take that course and look into it farther."

I'd forgotten about that [until] when I was in Sparks— in business there—I just happened to notice a McGraw-Hill, or some publisher's list of new books, and in there was a book entitled *Smooth Sailing Business Letters*, by L. E. Frailey. Again, I was in the same quandary that I sin with Leonard Woodcock. I thought, "Well, that's not a real usual name, combination of initials and everything, but—," and I definitely remembered this incident. I always wondered if this could have been the same man. It made quite an impression on me in my early business life, and I thought, "I wonder if I could've made, inadvertently, a little impression on him."

It was only about a year or so ago that I was at a friend's house, and I saw this book, *Smooth Sailing Business Letters*, by L. E. Frailey. It was a large book, and it had a number of publishings. So I took the book, and before I opened [it], I said, "I can tell you what's in this book, and I can give you key excerpts from it if it is the L. E. Frailey that I knew."

Of course, I didn't impress the people that were there because they didn't have the same background that I did. The impression that ol' Professor Dignan had made on me was such [that] I gave them Dignan's basic theory, some of the things that I very definitely remembered, which is a tribute to [his] teaching. I can remember one expression that he told us. He had a way of repeating himself for emphasis, and he could do it in such a way that it brought it in focus. He could pick the key word, and then he'd come back and repeat it before he went on with the next word.

I can remember him lecturing [on] sales letters to us, and him saying, "I'm going to give you something to remember sales letters by, the basic theory of all sales letters." And he said, "I want you to—," and these were grown men, sales managers. "Now," he said, "you're going to repeat this after me three times. You're going to say, 'The star, the chain, and the hook.'" So we all mouthed it, and he said, "Now, again." We repeated it, and he said, "Now, again." We repeated it the third time (he had a very interesting way), and then he said to us, "You are never going to forget that, because it's been impressed on you, and you're never going to forget that."

And he was right. I remembered it. So when I opened the book, here was ol' J. W. Dignan's theories—you'd recognize them anywhere if you saw 'em, sticking out all over the book. The headline of the [chapter on] sales letters was "The star, the chain, and the

hook,” and I quoted this before I ever opened the book. I said, “If this is it, it’s goin’ to be in there.”

I suppose that the old man—he was quite elderly in those days—must not have them copyrighted, because [laughing] they were taken point blank. I had a little book that he gave with his course that had these things outlined, but unfortunately, I lost it. It was one of the things I kept for a long time. But I think I remember pretty near every part. I could almost, even yet, quote the key parts of his little course and book. The man had that ability, to instill it in you so you’d never forget it. And to me, that was the marks of a good teacher.

I suppose that L. E. Frailey must be gone by now. To kids [just] out of school, of course, anybody that was thirty was pretty ancient, but I thought he was quite a[n] older man, so I know if he’s alive, he’s pretty well along in years, judging by my age.

* * * * *

I operated a hardware store in St. Louis. That was just strictly because my brother-in-law and I had decided that this was the way to make a million dollars the quickest. And we found it was the quickest way to lose it. I learned a lot, but it was a kind of an uneventful period in my life, rather than an unfortunate one.

I went back home, [to the] Pacific Coast, in 1929, arrived in San Francisco the same day of the stock market crash. Yes. I got into San Francisco, looking for a job the same day of the stock market crash, ‘cause I can remember seeing all the activity, and the cars, and the people running around, and asked what it was, and they said, “The stock market took a big crash today, and the financial district is quite upset.”

During that period, I was pounding the pavement, looking for a job, without any connections. I had nobody to go to. I had no references. I found out, a little to my dismay, that even three years since college had—there’d been three other classes graduated, and the people that I knew and the people who might give references from college were busy giving references to the current graduating class made me more or less of an “ol’ grad,” with no real connections. So I spent several months pounding the pavements, things getting worse and worse, going into places looking for a job with my hat in my hand. It was a period in my life that really changed my viewpoint. It, as I’ve said many times, put some scars that never completely healed. It’s a terrible, futile feeling, to go through an experience like that, being terribly anxious to go to work, to be of some use to yourself, and not to mention the economic necessities of making a living, and find that nobody wants you, that there just isn’t any place for you.

I did manage to penetrate a few personnel offices, but was given the same story, even where I felt I’d made a good impression, that, “In normal times, we’d be interested in hiring you, we’d be interested in putting you on, but we can’t even keep the men we’ve got.” It was a discouraging time, and I probably discourage more easily than many people, and I’d have my up and down periods and periods of depression.

I kept working at it, fortunately. My folks were well enough fixed that I didn’t have any immediate worries, except the fact that I wasn’t making a living for myself.

Incidentally, I decided that I would register back at the University of California and do the thing that I wouldn’t do when I got out of school, and that Prof Sutherland wanted me to do. And this, of course, was as much from necessity as anything else

because I couldn't get a job, and I did have folks that would help me. I registered in 1929, in the fall session, for graduate work, and I ran into Ernest Wood, who was still taking graduate work there, and who tried to help me get registered and get started. I went as far as to register. There was something about the University of California—being used to a small school like Nevada—and the impersonal part of it, and the way they wanted everything was kinda discouraging, and I just couldn't—I knew that Professor Hatfield was there, who, of course, was an outstanding accounting man—and Ira Cross was one of the early economists of that day that had a national reputation. Sutherland had lectured to us about Ira Cross, and Blackler told us about Hatfield. But I found that they just were registering masses of kids. They weren't interested in them. They threw a list at me to select a graduate thesis, and I said, "God, I haven't even thought about that. How can I select a graduate [thesis]? I'd like to take a little time.

Well, they weren't very happy about that. Ira Cross did that, and he was very impersonal. He said, "Well, it's better if you select something, right now. And," he said, "here's a list of some that you might take."

I looked at it, and I said, "I just don't want to select any right now." I was never very good at being pushed into anything, anyway. So I got as far as to register, but I never went to class, and I just never took it up, and then afterwards was, of course, sorry that I didn't, because I wasn't having any success in getting any work.

I registered with various employment agencies, and that was the same story. There was a crowd of people there all of the time. I finally did get a reference to an insurance company, was sent to the Associated Insurance Companies that needed a man in what they

called the service department, which really was the odds and ends that were handled by the man who was claim[s] attorney for them, and handled all of the the forms, and the buying of all the printing, did what little personnel work that there was done. And this was a relatively small company. I imagine they had maybe two or three hundred employees in the main office. And I had been interested in personnel work because of my experience in St. Louis with the Ralston-Purina Company. Probably this helped me as much as anything to gain a little edge over the many, many candidates they had for the job.

I was finally told they would check my background with the Ralston-Purina Company, given to understand that if the references were successful and were good, that I had an inside track for the job. I wasn't too sure that I would get the call they promised me, but they called me, perhaps three or four weeks later, told me they had received my letter of recommendation and wanted me to come back and talk to them. As a result, I did get a job with them and went to work in the what was called the service department, doing various odds and ends, and was given quite a free rein in what I did. I was offered a hundred dollars a month, and I was so desperate that I would have taken fifty, if that'd been the offer. I think perhaps they had some idea of that, although I proclaimed that I was downgrading myself, that I was worth more. I had learned that people accept you quite often at your own valuation.

I did work there, and worked very hard, and was interested. It was the first job I'd had in about a year, and I was so pleased to have something that I was very enthusiastic with it. I know I did a good job with it. They never did pay me the hundred dollars a month. They gave me a hundred and fifteen my first payday, and let me go the second payday,

said that I just wasn't fit for the job, it was too much of a routine job. I was given quite a talk by the head of the department (he was a nice gentleman), that I frankly didn't believe at the time, that it would pigeonhole me in a place that I didn't belong, and he was doin' me a favor by letting me go. And, of course, as desperate as I was, I couldn't figure anybody doing me a favor by letting me go from a job that was paying a hundred and fifteen dollars a month.

But it was back to the pavements, and I went back pounding them with not too much success. I finally did locate a job, again through an employment agency, with the Commercial Credit Company. And when they interviewed me, I told them very frankly about my experience with the insurance company, thought perhaps that would end it, but I knew they'd catch up with it sooner or later, and I might just as well tell 'em what went on.

They asked me to come back the next day, gave me the job, told me that they got a very excellent recommendation from the insurance company, said it was purely a matter of circumstance that they let me go. I never have figured, yet, why they let me go. I just couldn't quite buy the story that I was given—that there was some reason or some circumstance, which I can only guess.

I went to work as an adjuster for commercial Credit. They gave me a little Ford, a little Model A Ford, and a list of delinquent accounts, and after a little lecture in the office, sent me out to collect past-due payments. And this certainly was not to my liking, but the one thing that I did like about it was that I had a job. I was so pleased with that that I would have done most anything to keep busy and to feel that I could at least make enough financially to keep me going. And as I remember, I got a hundred dollars a month

on that job, but I did have the car and a credit card to buy gasoline with.

I worked the San Francisco area for a while, and certainly, again, it was a very depressing experience for me, considering what I'd gone through already, and later seeing what had happened during the Depression, and then having to go to people in various walks of life that also had lost jobs, who needed the car they had to look for jobs, or might have been salesman, or people of this kind, that felt they had to have their car. And, of course, I always got a sad story along with it, which didn't do a lot for my mental attitude. I was reasonably successful in either collecting payments or repossessing the cars. I never did have the usual tough-guy approach that was pretty prevalent in Commercial Credit and all of the credit companies of that era, although they were beginning to abandon it, realizing they had a very bad image with the old theories of going out and breaking a window, or getting the car, putting it away, and then goin' back and telling the people they had their car, and they'd better come through with a payment. But I was reasonably successful in doing this, because I took the line to the people that I didn't like my situation any better than they liked theirs. I didn't like the idea of "pestering the poor," as they used to express it. But I also had to make a living, and unfortunately, this was the way I had to do it. And I found that people reacted to that, and would talk more reasonably and rationally. Sometimes people don't talk that way when you're out there to tell 'em you've got to come back and repossess their automobile from 'em.

I did spend two or three months at this in San Francisco, disliking every minute of the type of job I had, but also, being so thankful that I kept on working and did the very best I could with it. I covered San Francisco and

the northern territories, up as far as Eureka, California.

One day, I noticed the branch manager, who was far above my line of association (I could only see him going in and out of his private office), and my credit manager, who was my direct supervisor, in a long conversation in the office. I had come in to get my check, which was always left in the drawer, and for some reason, it wasn't there. I asked the girl in the office if she knew anything about it, and she just very jokingly said, "Well, probably, it's in Mr. Healy's office, and they're probably going to fire you." She said, "That's better than I got in my last job. They just put a pink slip in my check when they let go of me."

Well, that struck some real terror in my heart, because I'd seen 'em talking and looking at me, and I thought, "Well, here I go again. I'm going to get called in again." And I knew, again, I'd done a pretty good job with them, [but] I'm going to be called in again, saying, "Look, we're sorry, but—" some similar story, and that they're going to have to let me go.

And sure enough, they waved me into the office. I went in and said, "Well, here I go again."

But he introduced me to Mr. Healy, and he said, "We understand you came from the Reno-Sparks area and went to school there."

And I said, "Yes."

They said, "Would you like to go back there?" which was a polite way, I knew, of telling me that I was being transferred to the Reno office.

And this is what it was, and typical of the type of company and the way they operated, it seemed to me, they said, "Well, can you report into the office—" (this was about nine o'clock in the morning) —"can you report into the office before five this afternoon in Reno?"

Well, I said, "No, I'm sorry. I happen to be rooming here in San Francisco. I've got to pack my things, and it's going to take me a little bit longer than that."

And so they said, "Well, report tomorrow."

So I did. I packed my things as fast as I could and took off for home.

I worked in this job in that area. The area was in quite bad shape. They judged the condition of an area by the number of delinquent accounts they had. They aged their accounts, and then'd give you a delinquent list. And again, I was reasonably successful, even though I found to my embarrassment sometimes I was being sent to people who I had known for a long time, approaching them and telling 'em I was either going to have to have some money or take your car. But it was not too bad, and I managed to, again, make people understand my position. And I continued in this job for a period of two or three months.

Then a job with Quaker Oats Company loosened for me. I did have one connection in San Francisco, in the Quaker Oats Company, that I had gone to from the beginning. And I was told that they had something in mind for me, and that it would open up sometime, but that had been almost two years. I kept going back to the office every now and then, and was told, "Well, it's still in the making, and maybe we'll—" They were going to open up again the territory in Oakland-Berkeley-San Leandro-Alameda and that area for a specialty salesman. And they felt that this was a place that I could really get started, and I thought maybe it was—something I'd always been told, that I should go into sales work, although I never had any experience with it, and I always thought this was the thing I was building to.

So very suddenly, the job did open up for me. I quit Commercial Credit and went

down there, and finally got to the hundred and twenty-five dollars a month that I'd been struggling to get to for three years. They paid it without any question whatsoever. I found out afterwards that the general specialty salesman was getting from a hundred and fifty dollars on up, so they probably felt they were getting a bargain. They did send me over there, [and] said, "We will keep our area sales manager with you for at least a couple of weeks to a month. He'll go around with you." Because I had had absolutely no experience in selling. I knew nothing about their products, other than the fact that I ate oatmeal mush and Aunt Jemima pancakes occasionally.

The general salesman stayed with me three days, and then, suddenly, without any explanation, left, and told me to do the best I can. They were going to give me a car to cover the territory. The car was never forthcoming. They told me that it was being held up, it was in a garage in Seattle, or something, and I'd just have to do the best I could.

So I had my little kit, and, again, pounded the pavements and tried to ride the streetcar and cover the territory as best I could. I was a terrible failure and I kept getting more and more depressed all the time. I finally got down to the point that I was so discouraged that I sometimes was tryin' to buy my way into getting a sale of a case of Quaker Oats, or Puffed Wheat, or Puffed Rice, which was another one of their products. I did have a limited authority to take boxtops for old packages and send 'em in when they were spoiled. And they did get a new package in Puffed Wheat and Puffed Rice. And I would eye up a small grocery's counter, and if I'd see only three or four packages of Puffed Wheat, [or] Puffed Rice, I'd tell 'em we would take them from him and pay him for it if he'd order the new package, so I'd get a one-case order.

This worked for a little while, until finally, I went into [laughing] one that had about three packages, and I bought the three packages, and he said, "Oh, I've got a lot more back in the storeroom." He said, "I'm so pleased you're going to take it off my hands." Needless to say, the company wasn't reimbursing me for all of it. Occasionally, I'd slip a package top, or three or four in, as spoilage. And he came out [laughing]—dragging—dragging more packages than I thought he had in the store in years. And that kind of ended that.

The job lasted one month, and the sales manager finally sent for me, confessed that the third day after I'd gone to work that they'd been told to lay off two salesman in the area. They just decided that they couldn't let me go after working three days, so they decided that they could stall the main office of f for a month, so I did get a month's job out of it. And then I was back on the pavements again, and probably more discouraged than ever, because I had at least left a job with Commercial Credit that, while I wasn't enthused about it, I apparently was fairly solid in [it], and could have kept on.

By this time, I about gave up the idea of anything in that particular area. Things were getting worse and worse. More people were getting laid off, and I just knew that it was just not going to be any good for me to try to stay there, and the only place that I could go was back home. I felt like I was going back with my tail between my legs, but there was just nothing else to do. So I went back home, and did manage, after a little while, to land a job in Machabee's garage as a general grease monkey, I guess, is the term. We worked the grease rack, and swept the floors, parked cars, and did everything else that was necessary. In the light of those times, it never occurred to me that I was doing a menial job, as such. I

was just trying to make a living. I think they paid me seventy-five dollars a month, and I worked from eight o'clock in the morning until six at night, seven days a week. Again, I was so pleased to get a job that I was glad to be there. On the other hand, it was not easy to go back to your own hometown as a college graduate and leaving the town with the ideas you were going to conquer the world in a few years, and coming back again some three or four years later going to work in a job that I could've worked at when I left the eighth grade. Sweeping sidewalks, and greasing cars, and running out and delivering gas, and you're smeared with grease and mud; [it] wasn't a very good impression for a man to make who left the town in search of a career.

It was during that time I got another dose of the Depression that I never forgot. I guess I'd been conditioned to it by my earlier experiences. And by this time we were in the depth of it, nationwide, although I don't believe Nevada had really experienced it. I found out later that they hadn't, to that extent. It was just a matter of relativity. Things were bad, but they were so much worse in many other areas. But I did—it was right on the main street, Sparks was a railroad terminal—and I kept seeing the increasing mass of people coming in by the freight, or by hitchhiking (which wasn't very successful in those days), or in old cars, people coming into the garage to leave packages while they went out in search of food, or went to the police station next door for a night's shelter.

At that time, the jail wasn't used much, except for hometown people occasionally to sober up, or characters. They didn't have any real criminals to put in there, but it was filled every night with people who just needed a place to sleep. People would come in cars

with children, and they were entirely broke, had an old car, possibly worn-out tires, and no gasoline. And the only theory that I saw working at that time was the chief of police used to come in and give them gas enough to get them to Lovelock, which was about ninety miles away. They had it figured that that was about ninety miles away. They had it figured that that was far enough away that they were out of their hair, and then they could look out for themselves from there on. And this, I think, was the way people operated generally. We didn't have the soup kitchens and the apple selling that they had in the bigger cities, but the Salvation Army and other people did feed them. And they tried to feed them at the jail occasionally—people would come in asking for food.

The worst part of this was that an awful lot of these people were not the usual transient type. There, of course, were a few tramps, as we used to call them (professionals) but most of these people were people just out of work, just on the go, looking for work, lookin' for a job, and with the conditioning I had, I was very sensitive to it. It was a kind of a searing experience, to watch these people tramping by, looking for directions. And the thing that impressed me was the hopelessness in their eyes, and the hopelessness of their attitude, like they were just thoroughly beaten down. I talked to people who had held good jobs. I talked to people who'd been insurance actuaries, who had professions. I talked to skilled workmen who just couldn't find a job. Many of 'em were the men of the family, tramping; others, more fortunate, where the whole family would be loaded in the car, and, of course, the little children, small children, made it worse. A number of occasions, I took them home, would give them a room for the night. Sometimes they would break down, no

money to fix their car, no place to go, and it was a bad, bad time.

I stayed there for—oh, I think, three years—two to three years, thinking I was fortunate to be home, and out of it, but I just couldn't disassociate myself from the miseries of so many other people, and the hopelessness of the nation, itself, seemed to reflect. But as I said, the real brunt of it hadn't been felt in Nevada until—I can't quote the exact date. That's a matter of history, and a matter of fact. It was over a holiday. It seemed to me it was a Fourth of July or Labor Day holiday. And there was some whispering going on, and my boss was whispering to somebody else, and then came and told us not to take any checks, local or otherwise. A rumor had finally gone out that, when the opening time came on—oh, it was a three-day holiday, possibly it was Tuesday—that the banks would not open. And this, of course, turned out to be true. The Wingfield banks went under, closed their doors, and then we *really* began to see it. I think that was about 1932.

Then we really began to see locally what it meant when the panic started to hit. Sparks, with the fixed people, the people who had seniority, the people who'd been there for some time, particularly in the road service—like my father, who never missed a paycheck and who got the same money during the Depression that he got before and after the Depression because he had the seniority to hold a job—these people hadn't been reached too much, unless they had some experience, like through their children, like myself. But when all of a sudden they found that the savings they had in the bank was gone, the doors were closed, then they began to find out that and to panic. It began to penetrate into people like this, and that was, of course, when I really believe the Depression hit, for sure, the Nevada area,

and the Reno-Sparks area. It was just a confused, bad time.

There was one bank, the old—I think it was the First National Bank—called then, in Reno, Dick Kirman's bank, as they called it, and Walter Harris's [it] did stay open, which was some help. And, of course, the banks went into receivership and began to make some effort to pay back on their accounts. But that was when I believe Nevada really saw what the Depression was like. Fortunately for all of us in that area, it didn't last too long, because the rest of the nation had been going through it for a period of perhaps two years—or two to three years—and this, of course, was a general history of the economic structure of the nation at that time. The prosperity was centered around New York and Chicago and the industrial areas in the East, the industrial East, and, of course, started there first; and conversely, when panic started, it started in the industrial area and gradually moved out West. Somehow or other, we got through that period, and I hung on desperately to the job that I had.

Of course, I remember very distinctly when FDR was elected President. I can remember his inauguration speech. And, of course, as history has recorded, there was something very electric about it. He had the faculty of giving people back hope that had practically been lost. It was very noticeable, and almost magical, as I remember it. People began to have some hope, believed that maybe they could make a go of it after all. And things pulled out, as I remember, fairly rapidly in the Sparks-Reno area. Beginning in 1934, I went in and took over the garage down the street on the other block (where Trader Dick's is now located, which is a part of the Sparks Nugget), and this garage had really suffered the Depression. The landlord was merely sitting in front of it in his easy chair,

and occasionally selling gasoline to a friend, or somebody that came by, and keeping the doors open 'till he could get somebody that would run it. Another man by the name of Clyde Brown, who was a machinist by trade and who was a good mechanic, a good body and fender man, went in with me. It was hard to imagine, but during these years, even on a salary, I'd saved a few dollars, and managed to get a little more from my folks, and with four or five hundred dollars, was able to go in and start this business. We got a subagency on the Plymouth-DeSoto cars from Brown Motors and began to do fairly well.

And 1934 was a reasonably good year. At least, it was good by comparison to the year behind us. I stayed there, at least feeling I was getting somewhere, and rather enjoyed this position because I at least was no longer in the status of a grease monkey, or an employee on a garage floor, and had a business of my own, even though it didn't amount to that much.

Things were building. The railroad rapidly got better. Men who hadn't worked for a long time were finally getting back to work on the road. There was a period, I think, between 1930 and 1934 of many men who had quite a little seniority, at least up to ten or fifteen years' seniority with the railroad, that had never worked on the railroad during that period. They just didn't have enough seniority to hold a job. The railroad was so structured that those who had enough seniority to maintain their job made reasonably good money on the road. In the shops, of course, they were subject to layoffs that reduced their income. And gradually, these men went back to work. I had built up a good rapport with them, I knew lots of them, I've known many of them all my life, so going into business in my own home town was—for once, I had the advantage.

I stayed with this for a period of time, soon bought out my partner. While economically I was not making a lot of money, I at least was making a living and being able to make some progress. And I was married in 1935. At least, for the first time, I had enough money to have some hope to be able to start out. I was thirty years old and had really gotten nowhere in this period of time. I was farther back on the economic and social scale than I was when I got out of college at the age of twenty-one or twenty-two.

AN ENTRY INTO POLITICS

It was during this period that I was in the garage that I began to get a little exposure to politics. Malcolm McEachin was quite an interesting figure in Nevada politics, later secretary of state, and was probably one of the shrewdest politicians that I ever observed. In this respect, it wasn't a definition of politics; that is a science of government. It was—politics is the science of dealing with people. And politics, in the true sense—or in the partisan sense of the word—he was a staunch Democrat, and was building an organization in the Young Democrats.

I was inveigled into this, really, as a favor to a friend who was interested in the thing, and liked the excitement of it. I got into a little of the excitement of the Young Democrats, and then was exposed to people like McEachin; Billy Maher, who was brother of Alice Maher (who was later secretary to two governors), and was on the state police force; Bruce Swackhamer, Bill Swackhamer's older brother; Art Revert; Dixie Richards; Tommy Craven; Bernard Hartung; Bert Spencer—oh, the younger group. And they— really, I think it was the first time

that younger people were beginning to enter into things of this nature. Up to this time, we were always kind of given to understand that young people just didn't have the experience or the maturity to get into things of this nature. It was almost unheard of for people under—men under thirty or thereabouts to run for city council, or the state legislature, or school board, or things of this nature.

I think one of the exceptions to this rule was Carl Shelly, who ran for the city council in Sparks. And Carl, as he always could do from the third grade on up, was never a man to let things sit in status quo. He could keep things pretty well stirred up, he had good ideas, he was aggressive. And he woke up the Sparks city council, that up to that time had been rather patriarchal in nature and sat pretty still. And Carl really, I can remember, gave them a lot to think about, and there was many a stormy session in the council. And Carl, of course, ran for the state legislature soon after that.

But generally speaking, these young people hadn't taken this interest. But about this

time, they did. These people were beginning to build the Young Democrats in Nevada. Billy Maher ran against Malcolm McEachin for president of the Young Democrats. In the south, there was Berkeley Bunker, and Cliff Jones, Leonard Wilson, Bert Spencer (who belonged in both areas a little), Raby Newton, and young men of this group.

Then there was quite a struggle, as there always is in the Democratic party, even violent fights, and there was always two factions. Out of sheer circumstance, I aligned myself with the McEachin faction. Wow, these factions were also related to the Pittman-McCarran involvement that was starting. In the Democratic party, there wasn't much that you could do. You were either a follower of Pat McCarran's. or you were a follower of Key Pittman's. Pittman had the old organization, the older group. And, of course, he didn't belong to the McCarran [group] who first went into the Senate in the Roosevelt term. And I found myself involved in this, although I just couldn't really get real enthusiastic about working against either one of 'em because I thought they were both very brilliant men.

I had been exposed to Pat McCarran a little. Pat's story is well known to those who knew him in That period. Pat was a lawyer, and he'd been a supreme court justice. And as an attorney, I can first remember him in the famous Boyle trial, when we had a robber hold up the bank in Sparks, a man by the name of Boyle, and McCarran defended him. We even took time off, would go and watch the trial to watch Pat's oratory and to watch him work as a defense lawyer.

Later, I'd been exposed to him in a different way. Even in Machabee's garage, he occasionally used to come by in his big Cadillac, quite often late at night, headed for Ditho to his ranch, which is now called Patrick. I had been warned that Pat's credit

reputation was not at all good. He didn't pay his bills. The man who was running the garage at the time did know him, at least they had a first name, backslapping acquaintanceship. Pat would occasionally come by and fill the big Cadillac with gasoline, and then just airily wave and say, "Charge it to Pat McCarran," and drive on. And then I'd be in shivers facing my boss the next morning and telling him that I had [laughing] given credit, and I wasn't supposed to. And yet, I didn't have courage enough to go up to a man of Pat McCarran's stature and say, "Give me the cash before I put any gasoline in your car." (That's one of the unfortunate parts about that business—you get the gasoline in, and you have a hard time draining it out. I'd found that during the Depression occasionally.)

I think this was well known, and I know from other people that knew him, that Pat just wasn't concerned. I also had found a little of that out, even though I had no direct experience with it, when I was with Commercial Credit Company. He was notorious in this. I know of a friend of mine, an older man, who ran a business there, who had had the same experience because they were old family friends. Pat didn't ever run big bills, but he'd just come by occasionally and get a big drop of gasoline, then he wouldn't show up again for a matter of months.

I guess, occasionally, the boss did call him up and would sometimes get some money out of him, but I was always given the orders not to give him any credit. And this man, who was in business and a friend of mine, told me that once he had served on a jury, of which Pat McCarran was one of the attorneys. And Pat asked that he be excused. They were old, old friends, known each other from the time they were youngsters. Pat asked that he be excused, and the judge said, "Well, why? Why would you think that this gentleman couldn't

serve on a jury? He's a prominent citizen, he's been around here all his life. He has a fine reputation."

"Well," he says, "there's a little matter of an outstanding debt between us, some money owed."

And he had told me he thought Pat had forgotten about it, but this obviously was not so. Pat had remembered it even though the thing was a matter of a number of years.

The judge said, "Well, I'm sure that if he owes you money, he wouldn't let that affect his decision on the case. He wouldn't be obligated in that respect."

Pat very blandly said, "Oh, no, your honor." He says, "It's the other way around. I owe him money." And this was the situation at the time.

And then, when Pat ran for Senate, we were told that the group of people who were interested did clean up most of his bills, or a lot of his bills, and tell him that this thing was being held against him in many, many areas. I understand that they did go out and clean up a lot of his, I think they were small accounts, a lot of 'em. Pat just didn't bother about payin' 'em, but they cleaned them up. And that ended that era, I'm sure, of McCarran's life. After that, he didn't have that reputation.

I don't know whether I pointed this out, but if you were at all active in the Democratic party, as I was, to a degree, in the Young Democrats, there didn't seem to be any such thing as being for both senators. You were either a supporter of one or the other. And being a supporter of one kind of made you a little questionable in the eyes of the supporters of the other one. And I think that was the general political history of that particular time.

Now, Key Pittman, of course, was a brilliant man in the Senate, had been there for many, many years, had lots of seniority. And Pat was a newcomer, but also a brilliant

man, and, of course, he made his fame and name by fighting Roosevelt at the time. But there was no question as to his capability then, or—of course, never any question later, as he developed into the powerful figure that he became in the U. S. Senate.

My interest in Young Democrats at that point was really more to have something interesting to do. There wasn't much around. I was not, at that time, that politically minded, although I began to be oriented a little in that direction with the associations that I had. I supported McEachin (and this happened to be the Pittman faction, at that particular time) merely because I was solicited to do that. But as I later became associated in the Young Democrats, I found myself more attracted, and had more in common, and more respect for the people who were listed as the McCarran supporters. And they were becoming stronger all the time. So after the first year, I really joined the other faction, so to speak, because most of my friends were in that group. I had gotten quite a bit of admiration for Billy Maher, to whom politics was life. And he did his job on the Nevada State Patrol, which was a very small organization at that time, but just politicking every minute, and was thinking politics every minute. He just loved the excitement of it and to hear it. And I liked Billy.

So, the next year, I was associated with the McCarran group that supported Berkeley Bunker, and I got to know Berkeley better, and formed a lifelong friendship that exists to this day. Berkeley was successful in becoming the second president of the state Young Democrats. Johnny Oldham ran against him. Johnny was a fine young man, but his supporters were just not the people that I was most associated with.

It was about this time that, out of pure circumstance, I got involved in the candidacy

for school board in Sparks. I think Carl Shelly was more responsible for my original interest in that. His office was next to my garage, and we, of course, being old friends, spent lots of time in between times talking politics, which, at this point, was Carl's life, also. Making a living in the Sparks Fuel Company was strictly a necessity, as far as Carl was concerned, but he was public-minded and very much interested in the political life of Nevada, and was doing very well at it.

At that time, there was a difference in philosophy in the operation of the Sparks schools, and Carl was beginning to point up some of the what he considered deficiencies in the policies of the previous board. For many, many years, the policy of the Sparks school board (and they followed the general pattern of the other political structures in Sparks), as a fixed policy, they hired all of the Sparks students that graduated in education from the University and gave them jobs in the Sparks schools. This had given the Sparks schools quite a reputation, and, as a result, experienced teachers would not apply in Sparks because they said it was hopeless, the Sparks graduates always got the precedence. Consequently, they were hiring young graduates from the Sparks schools, putting them immediately into teaching jobs in Sparks. And the Sparks schools were big enough and well located enough that, next to Reno, they were the most desirable place in the state, and could attract experienced and good teachers. They had an opportunity to have their pick of the teaching talent in the state.

Carl believed very strongly that this was a fallacy. He thought that schoolteachers should be selected for ability, and that it actually was not doing a justice to the students if we didn't provide them with the best teachers we could hire, regardless of whether they happened to be Sparks alumnus. I think he recognized the

fact—and I agreed entirely on this concept—that if Sparks teachers did go out and prove themselves to be good teachers in other jobs, then, of course, if they were equally qualified, they should be given preference. Of course, a problem in those days, as it is to a degree yet, [and] was most particularly true during the Depression years—the girls came out and taught for a year or two before they got married, even though they didn't intend to make teaching a career. And we didn't get the career teachers that were available. Carl had lectured this, and I agreed with him, and I began to get interested in it. He wanted me to run for school board because, at that time, the attorney general had written an opinion on nepotism, in that the school board members could not hire members of their own family as teachers. Consequently, two of the three members of the board did not run again, I believe both for this reason, because they had sons or daughters teaching in the Sparks school system. This left two vacancies on the board. Mrs. Elizabeth Saxton, who was clerk of the board, and a long-time member, and a very intelligent lady, and also, very interested in politics all of her life, had been on the board for many years, and, of course, was a supporter of the original policies of the board. Her daughter had been teaching in the Sparks schools, but she got married that particular year of the election, so, of course, Mrs. Saxton was not affected by the opinion and ran for reelection. She had been a member so long, and was well thought of in the community, and the tact that she registered was considered tantamount to election. Carl didn't quite believe this, and was trying to stir up opposition for her to bring a different policy of the board. He did have Agnes Crosby file for one of the positions vacant, but he had not been successful in getting anyone to run against Mrs. Saxton

because I believe most people realized it was a kind of a futile effort. But he wasn't about to give it up, and he tried to interest me in filing against her. I refused to do this. I had known the family many, many years; she was a good friend of my mother's; and I just was not going to get myself involved into a conflict of personalities and run against Mrs. Saxton. It so happened that a third position on the board was vacant and remained vacant until the last day, which was on a Saturday. That time, we got word a certain person had filed there, probably as many people file in jobs like this, thinking that it was going to be a free ride—it was a chance to get into a position that would probably not be available under other circumstances. Well, we just didn't feel, many of us, that this person should be a board member, had never taken an interest before in things of this nature, so they finally talked me into filing on this particular position. One of my friends, who happened to be there, said, "If you'll file for that job, I'll file against Mrs. Saxton."

And so we did go over, and we made the deadline by about thirty seconds. I filed on this job as a contested position. And that's where I, I think, got the start of my name, as it was later carried on. I never did care much for my full, given name of Robbins. I don't think I would've registered—I even went to the extent, sometimes, of writing "Robert" because I liked it better. But one of the ladies who registered me was someone who'd known me all my life and merely wrote down my name as "Robbins Cahill." I would either put "Robert" or "R. E. Bob Cahill," or something else. But it went on the ballot that way. I found, also, to my dismay, that many, many people never even recognized me by that name. I even had friends of mine tell me they voted for the other person because they

didn't [laughing] know who that person was. They always thought of me [as] Bob, and just never associated it with Robbins.

I didn't campaign for the job. I wasn't indoctrinated into that phase of it. I felt that I should win the election, and I did, but not by the margin I thought I should've—or some people thought I should've, because I didn't work at all on it, and my opponent did. And I learned a little lesson there, that things just don't—in this game—just don't come as a matter of registering and putting your name down very often.

Of course, there, again, I was associated with the group, and because a very close friend of mine had run against Mrs. Saxton, it was—naturally, it was felt (and I think Mrs. Saxton felt) that I was opposed to her, and would maybe create some problems on the board. She wanted to remain secretary of the board because that was the only paying position on the board, and she'd held it for many years. So I was elected chairman, and we went on from there.

I found out that I could work very well with Mrs. Saxton, and I liked her personally, and I had really no problems with her on the board that many people thought we would have. We, of course, did have the difference of opinion as to the policy of hiring teachers, and Agnes Crosby agreed with me on it. We immediately instituted that policy, and Mrs. Saxton, of course, still felt that the other policy was right, but she was outvoted. But we managed to do it without creating a split or a bad position in the board. As a matter of fact, on most matters, we worked together pretty well.

Procter Hug was our superintendent, and we, as all school boards do, left most of the technical work up to him. We had full confidence in him, which, of course, was always justified. And we did institute one or

two other policies of hiring. We did manage to eliminate two or three teachers that had been a matter of controversy. We felt the system would be better off if we did. But basically, it ran pretty smooth.

During that period we built the Robert Mitchell School, which is still there. We got a \$150,000 bond issue, and for a small town, it became quite an issue, and the center of it was as to whether we were going to tear down the old school, the old Robert Mitchell, or build around it, utilizing the structure that was there. It became quite a hot issue for a small town. I was asked to express a position on it, and I told 'em I couldn't do it 'till I saw more facts. We didn't know whether it was practical to do that. I had nothing against building around the old school. It was quite old. It was the school I started in, and most others of the group of youngsters in Sparks for twenty years had started in. But it was very substantially constructed, and it was just something we couldn't determine at that point.

The bond issue did pass, \$150,000, which was a lot of money for Sparks in those days. At that time, we had an unexpected windfall, and we were able to utilize the PWA grants for public works. We did qualify under it, and did get forty-five percent of the funds from the PWA, providing we, of course, complied with their rules and regulations. And it, I think, was the first time in my experience, and the only time, that we were in a position, in a public body, of building a building with ample funds—in fact, a little bit more than we knew what to do with.

That became an issue, also. The old conservatives didn't want us to waste money. We did use some of the extra money to put in things that PWA wouldn't approve of, or over and above the PWA grant. And, of course, instead of building a \$150,000 school building, we were able to build, I believe, a

building that cost around \$230,000, or some figure like that, and still refunded \$29,000 of bond money, unused. That probably may have been a record, also, for refunding of money out of a bond issue.

[Those were] the important issues of that first term on the board of trustees, but during this time, I, of course, was exposed more to public issues and public interest. I became more involved with the Young Democrats, and I began to find myself categorized as a McCarran supporter, simply because of the situation of my friends and the people who were McCarran supporters. Yet, I really was not that strong, personally, in feelings for the senator. Philosophically, I supported the Roosevelt administration, but this was just a matter of circumstance. I became classified as a McCarran man, and I guess that stayed with me for as—probably as long as this controversy, or this split, went on.

I became associated in Governor Carville's first campaign and was a great admirer of Governor Carville, and, of course, supported him in his election. This group, this particular group, went out and really did a lot of good for Carville. They worked hard for him, and he gave them a lot of credit for his election, and I think probably it was the first time that this had really happened, where a group of young people became quite interested and really got out and stumped the bushes to help him out. It was a difficult campaign. He ran against Harley [A.] Harmon, Sr., who was well known, from Las Vegas, and it was a close election.

At the same time, Mrs. Saxton, of all people, interested me in running for the assembly. And Carl, of course, had always tried to interest me a little in this respect. He was running for his third term and was considered a fixture there. I think he was pleased that I did run, even though I

belonged to an opposite political party. I think Carl became a Republican simply as a— [in] somewhat similar circumstance to my becoming a McCarran man. Circumstances just happened to be right. Carl was never one to follow the line of least resistance, and he just thought the Republican party was a better place for him to start. And he remained a Republican, I'm sure, the rest of his life.

So I did file for assembly, and it went into a three way race, with Ed Mulcahy, Sr., who was publisher of the *Sparks Tribune* and categorized as an old "wheel horse" of the Democratic party. He, of course, was a Pittman man, had been in the legislature, was a brilliant politician. I don't know of anybody who knew the political ins and outs, and the parliamentary rules of procedure, and who was more astute in this real old-fashioned, slugfest type of partisan politics than Ed Mulcahy. Of course, that meant that Carl was the lone candidate on the Republican side, which made it a three way race.

We did have some opposition in the primary. I can't even remember who it was. We had no real problem in the primary. But when we got into the general, why it was a three way race for two positions. And Carl led the ticket as he always had, and I did grab the second spot and did go into the '39 session of the legislature.

I very strongly supported Berkeley Bunker, who I had grown to know and admire in my Young Democrat associations, and was a part of a very vigorous campaign to elect him speaker of the assembly. Berkeley had served in the '37 session, and had made a brilliant record, and was running against William Kennett, another very old, old-timer from Tonopah, who had been in the political arenas for many, many years. It was a nip-and-tuck race, and I think was decided largely by Dewey Sampson, who was an Indian,

[the] first Indian representative elected from Pyramid Lake because he supported the ranchers in their fight for the title of the land there, supported them very vigorously, as Pat always did. I think he did represent them as attorney before he became involved in politics. So if you were categorized as a McCarran supporter, you were not in a very good position with the Indian group. And Berkeley Bunker, of course, was categorized as a McCarran supporter, as was Carville, and he tread a very difficult path there for awhile. And how it was ever finally accomplished, I'm not sure, but I believe Dewey finally did come along and vote for Berkeley as speaker; and this turned the tide, and Berkeley was elected.

I went, and to my surprise, was made chairman of the ways and means committee in the assembly, which was considered—and still is—probably the most responsible committee assignment. And I didn't ask for it. I didn't even ask for a membership on the ways and means committee, because I, again, was a little bit indoctrinated in the theory you had to be an old-timer and a little more experienced before you got into things of this nature. But Berkeley did name me as chairman, and said he was sure I could do the job, and that was it.

We did have a very successful session, I think mostly because of the political situation of that time. As I look back on it, it was a very easy session. Kirman had served one term as governor on the strength of being president of the only bank that had survived the bank crash in this area, and, of course, an old, old family and well thought of. But he wouldn't run for reelection, and so Governor Carville was elected for his first term there. And not only was that the usual position of a first-term honeymoon with the administration, but the state was very solvent. We had no problems, and so we did something that was

considered almost heresy— or was beginning to be considered in that nature, and certainly is today—we reduced the state tax rate from, I think, seventythree cents to fifty-eight cents. It was the lowest that it had been. And, of course, we received a lot of credit for that as being brilliant work, and it really wasn't. It was a matter of situation more than anything else, although we were cognizant of the tax position.

The state tax rate at that time was, of course, one of the major sources of income for the state, and it was then that I began to realize the position we were getting into in our “bragging,” as I termed it, of our very excellent fiscal position. The name “One sound state” was coined. They attributed it to Governor Kirman, although I have heard—not with any authority—that someone else did come up with the expression first, but Kirman used it. And we were going to be one sound state.

So consequently, we were advertising on our borders, and the sign on the state line near Verdi, “Nevada, One Sound State, Cyclone Cellar of the Tax Oppressed, No Sales Tax, No Income Tax, No Inheritance Tax,” and the phrase “No Nuisance Taxes” was being used. And even in those days, I could see we were painting ourselves into a corner because I could see the time coming when we were going to have to go to them. And building up all of these taxes as an anathema and something horrible, that the day was not too far away when we were going to have to make an about-face, and it was going to be a little bit difficult to do.

In that session of the legislature, we initiated the amendment to Article X of the [Nevada] constitution, which is still there, which prohibited, by constitutional provision, the inheritance tax. That provision is still there. But at that session, originally, in that bill, or at least as an amendment to that bill,

and very strongly supported, they wanted to put in sales tax and income tax, also, as a constitutional prohibition. We did manage to salvage that out of the bill because many of us were beginning to realize—. It certainly was very evident to me that to put that into the constitution, where it'd take anywhere from four to six years to get it on a vote of the people, which would be very difficult once it was in—. We could see the time coming when we might have to levy it. I can remember using that argument. So we did avoid it, and at least in the constitutional provision, the inheritance tax was the only tax that was mentioned specifically, and the tax on intangibles, as it is now worded. I think John Robbins wrote the wording of that. That was the way that it was finally settled, and it was a good thing, as events turned out, that it did happen that way.

During—the first thing in that session that came up was the university investigation [that] had been made. There was considerable dissatisfaction with the University athletic department and its policies, mainly attributed to J. E. “Doc” Martie. I had had my experience with Doc Martie at the University. I glossed over that in the experiences of my University life, but Doc was a very important character, very important in the athletic life of the University. He believed in toughness, was a tough individual, and if you happened to be the type of an individual that could survive Doc's rigorous requirements, why, you got along pretty well. But many of us who were not the athletic type, we found that Doc's P. E. classes were pretty rugged. And actually, he was the center of the controversy in this.

And in the meantime, something that I left out—Ed Mulcahy was trying to get started again in Nevada politics. He had really thrown a real brilliant career away with some personal problems that he had, problems with

drinking, I think, which were well known to everyone who knew Ed at that time, and was really wasting a tremendous talent. Through Berkeley Bunker, I managed to get him appointed as chief clerk of the assembly. Berkeley asked me only one question. He says, "There's no question the man is brilliant. We need his talents. But can you keep him straight during the session?"

I said, "I'm sure I can."

And Berkeley said, "All right, he's got the job."

I went back to Ed and told him what had happened, and I said, "Ed, I gave my personal guarantee that you would not let us down in this session."

And he said, "I promise you I won't." And he was very appreciative of it. It got him back into politics, which was his whole life, and which he'd almost blown at that point in his career.

And so Ed was chief clerk of the assembly, and he performed an invaluable service, because in that session, I think there were only four repeat members. That's something that doesn't very often happen. I think there were only four repeat members in it; all the rest of them were brand new. There was a brand new crop of people—Johnny Oldham, and Ted McCuiston from Elko, Morley Murphy—I think all of us from Washoe County were new—Pete Burke, Johnny Curtis, Fred Brown, an attorney, E. Frandsen Loomis I remember quite well. I think we were all new. And so Ed's experience was invaluable, and he had connections also—knew what was going on.

But anyway, right in the beginning of the session, Ed came to me and said, "You know, if I were a young man interested in starting my first session in the legislature and getting off to a good start," he said, "I would introduce a resolution requiring them to submit this investigation of the University that the regents

have, up to this time, been sitting on, and demand the report."

I said, "Well, can we do that?"

And he said, "Young man, you don't realize how much power you have, at least in sixty days while you're here in the state legislature."

The regents had received the report but refused to release it, on the rather logical grounds that they would not release it 'til it had been considered at a Board of Regents meeting, which was then sometime in the offing. This was seized on as a very bad move and as a method of hiding something.

So I, of course, didn't know how to draft a resolution, or anything. Ed had to draft it. He knew more than anybody in the state of things of that nature. And I introduced the resolution and got another first lesson in Nevada politics.

I stressed the point in my floor remarks that I sincerely felt—I could see it in this thing, with all the pressure building—there was definitely some factional pressure going on. Bill Nash had a radio program, and he was just hammering on this (later on, Bill Nash worked for me for many years), to release this report. I maintained that by sitting on it, they gave the implication there was something wrong, even if there wasn't. And that like anything else, it was beginning to emit a stench that might not be there if they aired it. This, I think, probably was true, you know. I think I can understand why the Board of Regents sat on it.

But I certainly received a lesson. That's the first time I ever saw my name in headlines, and the first time I ever heard my name mentioned as a lead item on Bill Nash's program. I received glowing tribute for it, and it did get me off to a good start. It could probably [have] sat there from that day on, and I would never have spotted it, but Ed, being the astute politician he was, knew how important issues were, and this was an issue.

Actually, as I remember the developments that came from it, it wasn't a startling report, but the mere fact of airing it did clear the way. I understand Doc Martie was a bit upset about it. And I can remember humorously remarking, even though I didn't feel that strongly about it, that maybe if Doc Martie got a bruise out of it, it paid back for many, many bruises I got when I was thumped in his P. E. class. The issue, as I remember, did die down. There was nothing startling in it.

Things went their normal way for a while until the lottery bill came up, and this was up for second passage. It had passed the previous session of the legislature without any problem, both houses. All of a sudden, we found a bill on our desk that had passed in the senate, I think by fourteen to three. I can remember Senator Harry Heidtman of Washoe voted against it, and he's the only one I remember that ever really actively opposed it. It came over there, and it was just considered a foregone conclusion that it was going to pass the assembly. But it was a big issue of the day.

The bill itself was a one—or two-sentence bill. It merely said, "Section so-and-so of the constitution is hereby repealed," which was the section prohibiting lotteries. The *Nevada State Journal* was under new management at the time, and they conducted—and the radio—along with their radio programs, conducted "man on the street" programs, and introduced an issue that is probably quite prominent today all over the country. The schools were becoming a problem it was apparent that schools needed more money, and they introduced an issue: "Let's have a state lottery to relieve our schools." And it had the appeal then that it has now, that it was one of those things that brought a lot of money in and nobody paid. It was a tax the other guy

paid; it was an easy way out. Everything was associated, in all of the articles, and all of the radio programs, and all of the supporters, that this bill was going to be the salvation of our school system. Yet there was nothing in the bill that said anything other than repealing the prohibition against lotteries. There was a lot of things that could've happened to it besides giving the money to schools. As it was pointed out in later years, it could've been made a franchise to be given to somebody. There was a lot of doubts in my mind, doubts that I've never changed my mind on. I still have the same reservations. We did get interested in this thing—Carl Shelly and I, particularly, got involved. Again, I think Carl probably interested me in it, and we used to travel together back and forth, commuting, and we decided it was a bad bill, and it should be defeated. And it wasn't given a chance for defeat; it was just considered a foregone conclusion.

But working on it, with—. Berkeley Bunker was opposed to it, and so between Carl's position as one of the outs— along with George Hussman from Douglas, [who] was the leading Republican in the assembly—there was just no question. He had the ability, he had the experience, and he had a lot of influence with his Republican people. I had done pretty well on the Democratic side and had a lot of people I could talk to as Democrats. And so between the two of us, we worked out a program to defeat this proposition, and we did it quite quietly, soliciting on an elbow-to-elbow basis, and sitting down and talking individually and soliciting what support we could.

We built up an elaborate procedure on the thing so as to get control of it immediately. I'd learned in the Young Democrats, and Carl had learned in his experience, the old steamroller

tactics that were so evident many times in those days, and we figured, “We’ll steamroll it the other way.” So we planned it very carefully, worked out our support for it. I consulted Ed Mulcahy on the parliamentary moves. I never did know what his personal feelings were on it. His loyalty to me was such that he’d help me out in anything. Our personal friendship—I liked the man immensely, admired him—and he’d help me with anything he could. So he helped me plan this parliamentary maneuver and told us the best method.

We decided that indefinite postponement was the proper way to do it because then it could not be brought up again during the session. We knew that once the smoke had cleared that we were up against some powerful political figures that were for this thing and who would start dreaming up for or figuring out ways to get it back and up for consideration, and probably would defeat us in the long run.

So we moved for indefinite postponement. The second step was to move the previous question, which shut off debate. The third one was to move for roll call so that there couldn’t be any hanky-panky in a verbal vote on the thing, and there would be no question as to what the vote was, ’cause we knew that we had sufficient support lined up. We did it quietly enough, although it became evident in the assembly that we were working against it. But I don’t think anybody realized how much support we’d built up for it.

So the great day came, and it was a big issue. We had decided they would debate the matter. It was one of these emotional issues, and the matter could be debated all day. The house, for the first time, was full; the balconies were full; there was a buzz in the air, of expectancy. The senate adjourned, came over and sat with the assembly delegation to

witness the procedure, and to witness this historic passage of the bill.

I don’t think the senate leaders had really gotten wind of much as to what was goin’ on. There was more of a distance between the senate and assembly then than there is now, I’m sure. And there was quite a gap in—down the hall, over to the other side.

We had decided to immediately move the previous question, without any preliminaries whatsoever. We had it all parceled out, who was going to second it, and who was going to make the motion. We needed three seconds. Why, we had those spotted out into the [assembly]. Charlie Russell was a member from Ely. Of course, in those days, he was a labor supporter, coming from the town of Ely. I had gone to school with Charlie in the same class. I never knew him intimately, but I admired him a lot from my experience in the legislature. He was on the ways and means committee that year. Charlie joined us.

When the bill was read, the echoes hadn’t died down, I moved indefinite postponement. Carl seconded me. And then I think Carl moved the previous question, and I seconded it, and so on down. And we demanded a roll call vote, and we had the issue up without debate so fast that nobody knew what had happened.

I had had the unusual honor to have Harry Heidtman sitting next to me at my desk. I think maybe he took it because it was the only chair that was available, but nevertheless, it was quite a signal honor to have a senator with your delegation, particularly in Washoe County, sitting beside you.

Berkeley Bunker handled the matter very fairly, explained the question. Of course, it reversed the question, and it was not an experienced legislature. Berkeley explained very carefully, as he always did—he was very

fair in handling the chair—that a yes vote was a vote to kill the bill. But I think a lot of 'em had been primed [laughing] to vote yes on the bill, so it was hard to switch 'em around.

And we got a little confusion. One of our “seconds” forgot on roll call, but Charlie Russell picked that one up (I can remember that very well), became the third second at the crucial moment, stood up. But we got it on, got the vote, and won it by a larger margin than we expected. We knew we were close. Evidently, that was attributed later to someone [laughing] that voted *yes* that didn't understand how they were voting, even after Berkeley had explained the bill to 'em.

Then, of course, the buzzing started again. Most people were just simply asking, “What happened?” They hadn't followed it, and people in those days weren't as knowledgeable about legislative affairs as they are now. Nobody really realized what had happened. And a lot of it had to be explained to 'em, and I can even remember Harry Heidtman turning to me and [laughing] saying, “What happened?”

And I said, “The motion is defeated. It can't come up again for the rest of the session. It's got to start all over again.

And he said, “Great! Have a cigar,” and gave me a cigar, and went stomping off to the senate in high excitement.

The bill was in controversy the rest of the session, and as we knew, the powers in the senate were trying to figure out some way to bring it back again for consideration. They finally did find some vehicle to bring it back again for consideration, and we again became extremely worried. Berkeley Bunker said he would rule against it as being the same bill, and that it had been up once, and would give a rule from the chair it could not be considered. Some of the more inexperienced people, like myself, were worried that they had, by this

time, gotten enough strength to overcome it, which is what we had feared. And maybe they had. I never knew that.

But I got another one of my political lectures from Ed Mulcahy. (I got many of 'em during that session.) He said, “Young man, another thing you've got to learn, you've got a good speaker. And even the people who oppose him respect him. And it's seldom that a speaker is going to be overruled, particularly when it's a ruling that's as close as this one is, and probably, he's right.” (I think Ed, in his heart, was more on the side of the old line group that was in the senate that was trying to put it over. But he had his loyalty to me, and to Berkeley Bunker, and some of the rest of us. He was indoctrinating me in politics.) And we found this was true. The bill came back. Berkeley made a very strong rule, and threw down his gavel, and said, “This is the lottery bill, and I rule that it cannot be considered again this session.” It was never even brought up for a vote. Nobody made a motion to overrule him, which again proved Ed Mulcahy right.

And the issue then died. I had some bad experiences with Senator Will Cobb later, who'd introduced the bill, and I explained some of my differences. I resented the fact that it was being made an issue as the salvation for the schools when there was not a word in there, not a word of assurance that any money would even come to the state. Well, they assured me that they'd had this in mind, and they were going to introduce a bill to provide all these things. I said, “Well, you should've at least made that clear, and at least had the bill in for introduction and let somebody see it, and maybe you would've stopped some of the objection,” although, basically, I was opposed to it as a means of revenue, and I still am.

I know many people, when I have opposed this in recent years, have thought that that

was a part of my job here, of representing the industry in southern Nevada. But I don't think many of 'em remember that I was opposed to it back in 1939 and was one of the people who was very active getting it successfully defeated. It has come up many times since. I have never changed my feeling about it.

I learned a lot around Tom Carroll, who was an old-timer from here, and who believed in the gaming industry. He was one of the mainsprings in the bill that brought back legal gambling to Nevada in 1931. I know the introducer of that bill, [over the] years, has been given more credit for it, but Tom Carroll took out ads at his own expense, and he was dedicated to the fact that Las Vegas was going to develop, as it was just starting to, but just making some faint stirring, an indication. I can remember, even then, of Tom very vehemently saying, "Las Vegas is going to be the Monte Carlo of America. And I can remember my reaction, along with many others who loved Tom for the find old gentleman that he was. Tom had really come to the legislature with only this lottery bill in mind. That was his reason for running. But I can remember when Tom would make this statement about this little place in southern Nevada that had only received publicity because of Boulder Dam, and who a lot of people felt would go back to being a whistle stop on the Union Pacific again. The observation that this place would be the Monte Carlo of America was—[laughing] we just kind of made the old motion of the times, making a cranking motion by our head, and saying, "Poor Tom, he's a little sick in the head there," and we felt a little sorry for him.

And Tom never lost that. Later on, when he went back to his business, he still plugged just as hard for Las Vegas, still kept repeating that it was going to become the Monte Carlo

of America, and we thought he was a little touched. He certainly became prophetic in that.

Tom was very hurt at my opposition. I don't think he'd really gotten wind of it, things moved so fast. Later on, we ironed out our differences. Tom was not a brilliant legislator, and I think would be the first to admit that. He came on this one proposition. But he was a fine old gentleman, and I think was probably the first to ever envision the destiny of this particular area. And he never lost faith in it; all of the time that it developed, he was still just as sure that this was the destiny, and he certainly was prophetic in this respect.

One other issue came up during that time that I sponsored, again, which Ed Mulcahy's help. I used to spend many a night in the old *Sparks Tribune* office talking politics with him. And typical of a newspaperman of that era, and still true of many, and particularly old-timers, he had an immense stack of a filing system, filed in boxes, papers in his desk, in corners, on the shelf, and he'd lecture to me on politics and the political history of Nevada, and then would go and dig out some document that he was looking for. How he found it, I never knew, and he'd bring it out and give me some background on it.

And I, of course, from my experience on the school board, and was really more interested in the school systems—. I'd gone to the legislature, thinking and hoping that I'd be chairman of the education committee, and that was going to be my thrust in the legislature. And, of course, by circumstance, that wasn't to be. But I still was interested in the schools, and I knew there was something wrong in the concept of school support. So I went to Mildred Bray, and at that time, none of us were as knowledgeable as people are today, and as the young people are today, about the structure of government. It looked

very complicated. And it was reasonably complicated.

I went to Mildred Bray, and I said, "Have you got somebody that can tell me everything about the school financial support in the state of Nevada?"

And she said, "Well, what do you want to know?"

I says, "Everything. I know nothing about it. I have been a school trustee, and I know some of the internal problems of the schools, but I know nothing about the problems of financing schools."

She assigned George Rhem, who was then her deputy, and George gave me an outline and a lecture on the school support system as it then existed.

I don't know where I got wind of the next move. Maybe it was Ed Mulcahy again; it very well could've been. But I had been told that Dr. Harold Brown, of the education department of the University, who happened to've married a Sparks girl, who was in school about the same time that I was, and I knew very well, had written a thesis on the shortcomings of the Nevada schools finance structure. I went to his house and talked to him, and he loaned me his thesis. I read it from one end to the other and became quite interested. Of course, it wasn't hard to sell me on his theory, he had it so graphically illustrated.

Those were the days of the old school district financing. You financed by districts. Ed Mulcahy used to lecture to me, 'cause I can remember one expression that Ed gave me that has followed me the rest of my life, and I think it's about as expressive as anything that I have ever heard to this day. He said, "Young man, the theory and the proper way to finance schools is to levy your taxes where the money is, and spend it where the kids are." Because the property tax, being the main structure of state government, local government, was the

entire structure of the school system, made it very obvious that those districts that had a lot of property tax could provide things for their youngsters that a poorer district could not provide. And again, in the same basic theory that I became interested in, the theory of hiring teachers, that it's the education of the kids that's your responsibility. And they quite often suffer in things that happen in between, and get involved in politics, and governmental structures (we didn't use the word "bureaucracy" then, but that's what it amounted to).

Now, I guess it was Ed that had told me about Harold's thesis, because he gave me this thing, and he graphically pointed out—. His basic concept was that the responsibility for educating the child is upon the state, not upon a subdivision of the state, that it's a state responsibility, and it's the responsibility of everyone.

It was a marvelous thesis. It was his Ph.D. [dissertation]. He pointed out where, by accident of location, kids being located in a district—I think he used Fernley and Wadsworth as one example—only three or four miles apart, one would be in a district that could provide pretty good facilities, and the other kid, by accident of residence, was in a poor district. I knew there was something wrong with the system where the entire concept was based on property taxation and the levying of the tax, and the responsibility for financing was upon a district, and created this problem. And I knew that something should be done about it.

So with Ed's help in the drafting, I got a bill drafted to provide for a study of the school system with this thing in mind. I'd gotten along with Mildred Bray pretty well up to this point. One concept we couldn't get along with was that it should not be an investigation headed by the state superintendent of public

instruction. We felt that she didn't belong in it. It should be more objective. And, of course, Mildred was a little hurt at this. But I was very careful with my bill and the preamble, and in the support of it, to point out this difference in the faults of the school system and to get this corrected.

Of course, in those days—I had learned in Nevada politics, and this held for a little while—the merit of a bill was judged by how much it cost. If the bill had no appropriation, it was a good bill. If the bill had an appropriation, that immediately brought the old bull bloc down on you. Even though this was not entirely true in later years, because I have to say hastily here that Senator Dressier, who was the leader of the bull bloc, would go for anything for schools. But many of 'em didn't feel that way. I was beginning to realize, even though we were practicing it in the committee, that bills were good bills if they didn't have an appropriation or not a big appropriation. Of course, it's hard to judge appropriations by our position now, because in those days, money went a long ways, and amounts were looked upon entirely different.

Ed and I, on our nights of sitting up and talking about this, decided that it should have about \$40,000, at least, but that was just so much money that I don't think even Ed had guts enough to try to hammer it through. This was unheard of, to come up with something like this for an investigation and administrative study. So I remember settling for \$15[000], and so we drafted it and made a \$15,000 appropriation to study these deficiencies in the school system.

And, of course, I learned something else there that followed me for the rest of my life, and that is that the term "expert" in any subject is relative to how much the people you're talking to know about it. If the people you were talking to know nothing about

it, you can know very little and still be an expert on the subject. I had studied Harold Brown's thesis. I admired it, and I thought it was clearly presented, and so I was pretty well reinforced with my position.

And so we introduced the bill and as the sponsor of the bill, I made the "stirring oration," and I immediately expounded all the things I had learned from this thesis and I'd learned from Ed Mulcahy, none of it I ever had really been exposed to, myself. I gave them quite a dissertation on it, and much to my surprise, nobody said a word. They just went ahead and voted on the bill. They passed it with all forty members. Berkeley Bunker violated a policy, which he did on occasion, but not very often, on voting. Generally, as speaker, he didn't think he should vote. And Berkeley voted for it, and we passed it by a vote of forty, affirmative, which is the entire membership of the section.

I learned another lesson very quickly, too. It got over into the senate, and got onto John Robbins's desk, and there it died. And I didn't have any way of reviving it. John was a man I got to know later on, who was a marvelous person, old-timer, very dominating, influential in the state senate. He was their attorney. He was a good attorney, had lots of experience. I found out the old story—and I'm sure it's been told many times about John—of the old desk that he sat at (and where, later on, many other legislators sat), in the double desk portion, he would take these bills and—. The senate committees at that time had just virtually complete power to throttle a bill. And if the chairman wanted to throttle something, they always passed a bill in the last twenty days of the session. The session then was no different by nature than it is now, and you never get the important things up and through until the last twenty days. They adopted a two-thirds rule to pull

a bill out of committee, which was virtually an impossibility, particularly if the chairman didn't want you to. And if John Robbins didn't want you to, it was gone.

Johnny Mueller was probably one of the best known and greatest lobbyists the Nevada legislature had ever seen at that time. He lobbied for the old bipartisan machine and the Thatcher-Woodburn-Wingfield group. John carried most of the legislation and was probably, along with Ed Mulcahy, the real fountain of knowledge in political matters. John got mixed up in a lot of things that were out of his scope simply because of his stature and position. But anyway—he also was a complete confidant of Senator Robbins. And Johnny told me this story later, but I saw it working this time. John [Robbins] had a file that he had labeled in very big letters, and in red, “Very Important.” And he would drop any bills that he didn't want passed into this section of his desk. (I used to say it went down like a rock being dropped into a mine, with a thud, and there it stayed!) He put it in this file, and if anybody came to talk to him about it, he'd pull out the file and say, “Oh, yes, yes. I have the bill. We have it—I know it's here, and I haven't lost it.” And John, being the honest man he was, generally didn't have to make any verbal statements. The people would look and see the “Very Important” written in red on this file and say, “Well, great. John's got this in the ‘Very Important’ file, and everything's good.” They'd always learn later, to their sorry, that it never saw the light of day again. And this was where my education bill was.

I was not adept at communication with the senate. They were kind of on a different level, a little bit “on high,” and I was new and young. I didn't have the rapport with any individual senators because I was a little bit of an upstart, but word did filter back to me. I got to Johnny Mueller. Johnny said he'd convey

messages for me, but the word got back to me that if I would agree to removing the appropriation from it, that they would pass it. And I said already the appropriation was too low, and there was no purpose in this, and I refused. I said, “Without an appropriation, the bill's just a gesture. It's no good.”

Mildred, of course, had cooled off on it a little, I believe. I don't mean to imply that Mildred still wouldn't support the bill, because I'm sure she did. But I always had the feeling that she was not as enthusiastic about it as she would have been had the state superintendent been on this so-called investigating committee to come up with these conclusions. They had been charged with the problem, which was outlined in Harold Brown's thesis.

Well, I refused to dicker any further as far as the appropriation was concerned, but I learned another lesson. A bill quite often, in those days, was judged as to whether there was any money involved in it. I kept nibbling away at it during the session, trying to get Johnny Mueller to help me a little. He told me that unless the appropriation came off, he was afraid there was just no hope for it.

Another bill came up during this session. The New York and San Francisco world fairs were scheduled to come in 1940. The New York World's Fair had asked for appropriations from all of the states, as had the San Francisco fair, and there was quite a little feeling that New York was a little remote, and that we just couldn't come up with this kind of money. Again, I think the amount was fifteen or twenty thousand dollars—but relatively, it was a large amount of money. And this happened to be John Robbins' pet—or, it was rumored that it was his pet bill. He *was* interested in it because he was quite active in the National Democratic Committee, and was one of the leaders of the Democratic party.

Of course, the people from the East were interested, and one of the main things they were interested in at that time was getting every state in the Union to participate in the New York World's Fair.

So John had passed it through the senate—if John introduced a bill that had anything behind it at all, you could bet he'd get it through the senate. And it landed in my committee. It was a little lukewarm, the reception, so I held onto it. I had a tacit understanding of the committee that I could hold bills in my briefcase in the confines of the committee as long as I thought was necessary. We knew John was quite interested in this. And in the meantime, the New York people got worried. Grover Whalen, who received a lot of national publicity then and later as the greeter for the—I think Mayor Jimmy Walker. I think he was chairman of this fair commission. He actually sent a couple of people out to lobby at the Nevada legislature to get this bill through in the last days of the session. And basically, I have to confess that we were holding onto the bill with the hopes that it was one of John's pet bills, and maybe we could use it to pry loose this school bill.

I finally, timidly, advanced this to Johnny Mueller in a roundabout way, and I was promptly told that John Robbins didn't trade bills. And that was a little surprising, being the astute politician that he was, and political man. lobby, and they lobbied very vigorously, and what was particularly true in those days, Nevada resented outside influence. One of the ones who resented it the most was Carl Shelly. I remember sitting next to him, and I can remember Carl could blister pretty good when he wanted to. That was something he was very adept at—and I can remember Carl blistering them very good. And they kept coming to me, made individual, manto-man contacts. The leader of the two kept coming

to me, and I kept telling him I'm afraid it won't pass.

By this time, I realized that we couldn't use the bill to any advantage. I thought perhaps it should be passed. Now, I was scared to let go of it because of the resentment that had been created from—. I think Carl using the privilege of the floor to blister them. I can remember him calling them federal lobbyists, crawling into our hair—getting into our hair—coming in the windows, and coming at somebody else's expense, trying to tell us how to run our business. I think he tried to make a motion from the floor to ban 'em from the floor, or something. But anyway, it was a blistering move.

By this time, I was afraid of losing it. And the committee then gave me carte blanche authority to release it whenever I thought the proper time had come and send it out of committee. By this time, we were in the last two or three days of the session. Now, I began to worry that we'd done more damage than we should have. And I was beginning to receive frequent visits from Senator Robbins, which was a very unusual thing in those days. I don't think that could be appreciated now, but a man of Senator Robbins's stature didn't travel across the floor to the assembly side. The people from the assembly went over to see him. And he began coming to me in his jovial way, and I can remember him saying once, "who pesters you more than I do?"

And I said, "Senator, I know what you're doing. I'm trying to get that bill out. But now I'm afraid." I didn't confess my ulterior motive, but I said, "Now, we would like to get it out, but I'm afraid of it, and we've got to handle it very carefully."

And he kept pressing me, and then he told me these lobbyists told him that the bill would pass if I'd bring it out on the floor. I can remember telling the man, "That bill isn't

going to pass.” He showed me the list of people that he had for it. I said, “I can see people there I know are not going to vote for that. They’ve told you they would. Maybe they would like to get it out on the floor so they can vote against it. But I know you’ve got people in there that aren’t going to vote for that bill.

Finally, he gave up and agreed to leave it to me. I believe I let go of it on the last night of the session, and I sure had a lot of trepidation in letting it go. I think it passed by one vote [laughing]. And I was really afraid we’d done something.

I probably received some credit there that really didn’t belong to me that much, such as being very astute at picking out the time. I was almost at the point of desperation, and, fortunately, we were in good position. The word had gotten out about the famous tax bill, and we were riding high, so probably, it was the best time—I don’t know—for letting it out. But it did pass by a very narrow margin. Senator Robbins expressed his undying gratitude for the help, and I got a two-page telegram, which I always wished I had kept, from Graver Whalen. I had never received a telegram from a national figure, one as well known as this, and my first experience as a public representative, I received a long, twopage telegram from him, just gloriously singing my praises, telling me to come to the New York fair, and he would do anything for me, and if there was anything I wanted, to please get in touch with him. He had been told that I had singlehandedly engineered this bill through the assembly. But it was simply in my committee, and by desperation and a little luck, we did get it through.

The irony of that was something happened to the World’s Fair Commission. We never did put the exhibit up in the New York World’s Fair, even though [laughing] the money for

it had been passed. But it became important to me because of this school bill.

And the real importance of that school bill was—I think it was a portent of things to come, because it was actually aiming at the same thing that the Peabody study, later on, brought in. And it was only two or three sessions later, a very short time later, that they put through the bill, aiming at the very same things and retaining the Peabody College with an appropriation of \$50,000. And probably, as it turned out—I felt that fifteen [thousand dollars] was inadequate, and maybe this was for the best. But we just thought that was the most we could get.

As I remember, Peabody was a \$50,000 appropriation, maybe a little more—. By that time, I was in the Tax Commission, and had discussed the Peabody report from the financial end because, by this time, I’d learned a little more about state financing. But it [our school bill] was striking at the very thing that the Peabody report pointed out, and certainly has come to be recognized, that if you’re financing from the property tax, then that old expression of Ed Mulcahy’s still sticks with me, and I think it’s more descriptive than any: “Levy your taxes where the money is, and spend it where the kids are.” And to me, it was interesting from that point of view.

I think that covers the main issues that I can remember. We had a number of them, of course, that were considered quite important at the time. We got some university buildings. I think that I was one of the supporters of that. Teachers’ retirement—a thing came up—that was a little out of my ken. I hadn’t had enough experience.

I can remember a bill coming up on the Tax Commission, on the public utilities tax structure, that none of us could understand. I had it in my committee, and I went to Ed

Mulcahy again, and Ed gave me a reasonable explanation of it. It really wasn't that difficult, but it was terribly—in those days—difficult to understand. We had an awful time getting it through. Again, Senator Robbins opposed it. "Primarily," he said, "if somebody can explain this bill to me, I'll vote for it."

I helped get it through the assembly. We got it over in the senate, and Senator Robbins just merely said, "If somebody can explain this bill, I'll let it out." It went through the last day. Senator Lattin got that out. I can remember Senator Robbins asking, he said, "If I agree to let this bill out of committee, will the Senator tell me that he can explain this in terms that anybody can understand?"

And Senator Lattin very confidently said, "Yes."

And I was shaking in my boots because I knew that Senator Lattin couldn't explain it, but, fortunately, time was of the essence, and they didn't ask him to explain it. Robbins took his assurance, and the bill passed.

I, of course, went with the Tax Commission and stayed with them for many, many years. That became my career. And to this day, I can't quite spot it, because I can't find anything that difficult in it [laughing]. But it was difficult in those times.

I can remember another incident that was quite humorous that was told to me. I don't think the gentleman involved would oppose my exposing it. It may come out from another source. But it was a very humorous incident. Senator Lattin was a very intense individual, very aggressive, and reasonably intelligent. He'd been in the assembly, and he served in the senate, and he went at things like a bull in a china shop, and sometimes got bad results from that approach. But there was no in-betweens with Ralph. I had worked pretty good with him and gotten to like him, as I did

in later life. And he was a very vociferous man on the school system, and, of course, was a taxpayer's man. He came from Fallon, and was opposed to all taxes. Ralph was on the finance committee in the senate for many years later.

A young man who went a long ways in public life in Nevada, and in the school systems in Nevada, told me he was a young deputy there, and Lattin (I wonder if he learned that from Senator Robbins) said, "Young man, if you can explain this complicated financial school system to us, why, I might be a little more sympathetic to you." They had a number of bills held up, and they always gave Mildred a little bad time on the senate finance committee, although I had to admit she did a yeoman's job. She worked on her bills.

So this fellow said he worked and stayed up nights, and he said he [got] that thing down to where, to him, it was just crystal clear. (Of course, she's an extremely intelligent individual. That is clear to him, of course, might not be quite to clear to others.) But he said he went down and he practiced it, and he had it boiled down, and he said, "I didn't see how anybody could not follow this thing."

And so he went to the ways and means committee at Lattin's request, explained the school financing system. When he got all through with it, he said, "I sat back, feeling I'd done a hell of a job for once. Now, they certainly ought to understand it." And he said Senator Lattin, he'd get—Ralph'd get a little red in the face whenever he'd get a little excited. So Senator Lattin got a little red in the face and waved his arms at him, as he quite often did, and said, "Young man, you've just proved my point- You can't explain that bill so I can understand it!" [laughing]

And that was a lesson in understanding. I learned that many years later. But Ralph, of course, was not that astute, and ha was

a farmer, and I think recognized his own limitations. He was a very sincere, intense man. But others ran into the same problems with the school system that I did.

That session started a number of things of that nature. I think the '39 session started a number of notable events, even though it didn't *do* anything, in my opinion, in looking back on it, so notable. There were a number of things started there that I don't think we realized at the time that we were starting.

Oh, the cigarette tax passed in that session. It started in the assembly—that's another lesson—the senate was the old "gas house." (It had this reputation.) The senate killed everything. It was "poor legislation." Or, they took the credit for it. They said that that was their position, to "gas" all this crazy legislation that came from the assembly side. The cigarette tax [issue] got quite heated, and again, I got involved a little in it. It was in my committee. And as I remember, Carl Shelly was a very strong supporter of it. Carl was looking ahead. And really, there wasn't any need for it, moneywise, at that time. But there was a number of people who got interested in it. Morley Murphy was interested in it, for what reason, I don't know. And I had dealt Morley a cruel blow on that lottery [bill]. So finally, a bunch of us had gotten together and said, "Well, it's gotten so controversial, we're making so many enemies, why oppose it, because the senate'll kill it." And so we voted for it in confidence it would get over in the gas house (the senate) and die. I feel sure that it wouldn't've passed on its own merits at that particular time. It got over into the senate, and something that we'd overlooked—I'm sure some of the more astute politicians hadn't—Governor Carville, while he was new, was not a favorite of all the old-time political figures—very evident in the senate—and they just saw an excellent chance, passing the buck

right on down to him. It surprised us more than anything that happened in the session: [in] the very waning days of the session, the senate, without any particular debate or argument, passed the two-cent cigarette tax, sent it down to Governor Carville to sign. And as they knew, that put Governor Carville in the hold because taxation was a very sensitive issue. In those days, nobody in Nevada spoke very highly of anything that smacked of taxes. We were the "One Sound State."

And so we passed [it], and it went on down there. And, of course, when it came into the ways and means committee's final meeting and us figuring the tax rate, we knew we had to know whether this cigarette tax bill was in. We would cut our property tax rate still more. So we asked the governor what he was going to do with it, and he said, "Well, I'm afraid I'm going to have to veto that bill." He was [laughing] forced into vetoing it, as they well knew, because, really, it was not a financial issue. Finances weren't a problem in that session, as was evident. So Governor Carville did veto the cigarette tax, we lowered the tax rating, and then everybody left there very happy, and thought it'd been an outstanding session. It was a lucky session, one that had little controversy, and we didn't have any problems. Later it came up, it was a fine session to make a reputation in.

(As things turned out, I didn't use it. It hadn't put me in a position where I might have been able to do better, or advance a little politically. But my path turned another way when economic necessity pointed out that, probably, I better start working for a living, and I got interested in state government.)

I left that session of the legislature quite imbued with the idea that politics was probably my game. I enjoyed it, I was reasonably successful at it, and I thought perhaps I would continue in that line. And

as much from circumstance as anything else, I had come out of the session with a strong reputation as a strong representative.

However, my garage business was still providing a living, but that was about all. I found that, as a lot of small businessmen do, particularly in Sparks, the credit situation was still the same. We had to carry the railroad people on their time off, and we had many of them that relied very heavily on credit. And I was not well enough financed to do this as well as some of the older merchants.

We found out at that time—again, Carl Shelly was involved in this, from the Sparks Fuel Company, and the constant discussions that we had—there was really a credit problem that was becoming more and more evident. We got support from Joe Sbragia, who was manager of the bank at the time, and later, of course, became a vice president of the First National Banks, and went well up the ladder in the banks, was a fine banker, but he was a young man at the time. We were carrying accounts that we just couldn't afford to carry, and yet they were people who worked steady and had the means of paying their bills, but many of them would just nibble away at them, come in and give everybody five dollars a payday. And then, of course, we had the usual run of people -who just didn't work enough to really pay their bills.

Joe told us that if we would co-sign the notes for the amount of money that was owed to us, and guaranteed a payment to the extent that whatever our bills were, we could combine all these things, and he would loan 'em the money to pay it out. We did this, and he says, "I can get the money where you can't. They'll pay you in one place." And so [that was] the first time I saw the principle that's used now, of consolidation of bills, and it worked very successfully, and I think almost saved some of the Sparks merchants, many

of 'em who were in worse circumstances than people thought, including myself.

We also found that maybe a little voluntary comparison would do a lot of good, because as we had talked, we suspicioned that they were playing one merchant against the other. And we found in these meetings that this pattern worked out, was just so apparent. For instance, there was two main fuel companies in Sparks, both doing a credit business. The pattern just completely worked out. It became very evident that many of these people were buying all of their fuel, for instance, from Sparks Fuel one winter, running the bill for the entire winter, and then quitting them, going to the other fuel company, which was Norris Fuel Company at that time, not paying Norris's bills that year, but using the money they got to pay off the previous year's bill with Sparks Fuel Company. And then the cycle would start over again.

This same thing was going on in the grocery stores. There was only about three grocery stores at the time that did a big credit business. And they found out the sane thing. These people who were owing them money—and, of course, this was a well known principle, that once people became far enough in debt they couldn't pay it—they immediately quit giving them their cash patronage, and they'd go and get credit at the next store and run that while they were trying to pay off a bill that was a year or two or three years old somewhere else, or on some occasions, not paying at all. But they were pitting one merchant against another.

It was an object lesson, and I think it changed, a little, some of the credit policies by this time. The cash policy was becoming a little more evident. The Piggly Wiggly chain had come in, and they found that they could buy goods cheaper. Of course, that was another problem. They bought their groceries

and charged them when they didn't have any money, and when they had the cash, they went to Piggly Wiggly and paid cash where they got 'em cheaper.

But I think it started something there that gave a little more intelligent credit policy, and helped the merchant a little. I was in no position to carry the amount of accounts that I had to carry. Consequently, I was making a bare existence.

Later on, in the latter part of '39, I think, or '40, Ed Mulcahy did come to me and tell me there was a job open in the State Hospital as purchasing agent, and it was a fabulous paying job for those times and for the type of money I was used to. It, I remember, paid about two hundred and forty dollars a month. If I ever saw the time when I could get more than thirty-five dollars a week out of my business to take home, I was lucky. I really had never intended to go into state work, and into this end of it, but the economic necessity, and the lure of such a fine-paying job did interest me.

The State Hospital Board at that time was the state treasurer, the governor, and the state controller. Don Lewers was in the position at the time, and an old, old friend of Henry Schmidt's (state controller) and Henry was his sponsor and vigorously worked to keep him there. But Don—oh, was not the best politician in the world, or probably as discreet as he could've been. Maybe it was the type of job he had. He made lots of enemies, and they wanted to get a replacement. The state treasurer and Governor Carville both indicated they would make the change, but they didn't say what they would do or who they would support.

I did go over and talk to Dan Franks. I had met him during the legislature in my term in the ways and means committee, and Dan did tell me, unequivocally, he'd support me. Carville had been worked on by at least one

other candidate, who had some support of some organization that had some power, and kind of found himself in the middle. Governor Carville and I had very good relations, but I don't think he knew what he was going to do in a situation of this kind.

It dangled for quite a while. I went to Henry Schmidt, who was state controller, and who I liked, and had again worked with while I was on the ways and means committee, and told him flatly what I was going to do. I knew Don Lewers was his friend, and I was not after Don's job. But if there was a vacancy—and that was my understanding, there would be—that I was interested in it.

Henry promptly informed me, which was so characteristic of him, that there wasn't going to be any vacancy, and Don was going to stay, and they'd get him over his dead body, and that was about it. But if they *did* get him, that he would support me. He said, "As far as I'm concerned, I'm glad you came to me and told me about it, and," he said, "if there is a vacancy, why—it Don is out, and I can't do anything about it, why, as far as I'm concerned, you can have it."

And that thing held fire for a while. About that time, I had decided that the business was no place for me, and I would be better off out of it any way that I went. I did have a cousin of mine who did have a third interest with me in it, and he did buy out my interest. I got out of the garage and automobile business, went to work for a brief time at Brown Motors, selling cars, again finding out that sales was not my dish. But again, because of the contacts I had made, it was relatively easy to at least make a living in it because I had worked in the automobile business and with the people of Sparks so many years that I could almost automatically get enough deals to make a living.

During this time, about March of 1940, the state hospital job just kept dragging and

dragging, and I think the other two people didn't want to force Henry Schmidt's hand to it, but he was a tenacious Dutchman, and an admirable character, staunch, and outspoken. And so in March, Kerwin Foley called me and asked me to come over and talk to him at the Elks Club, that he wanted to tell me something. I went over there, and he said, "There's a job in the insurance division." (The state controller was *ex officio* insurance commissioner.) "It pays two hundred dollars a month, and you can have it if you want it," and told me a little about the job. I did have some interest in insurance, and I had seen enough of insurance—associated in insurance companies— to know that insurance was more my type of work, something I liked.

So I took the job. Of course, it was attributed, politically, as one of Henry Schmidt's astute moves to remove me from being any threat to Don Lewers, and thereby saving Don's job and making a position for me. Actually, I don't believe that this was that much the case. Henry and I had good relationships, and Kerwin Foley and I had known each other for many years. I was always an admirer of Kerwin and his ability. But anyway, that was the way it was attributed, and I went to work in the state controller's office with the fictitious title of deputy insurance commissioner.

CAREERS IN STATE GOVERNMENT: THE NEVADA INSURANCE COMMISSION AND THE CONTROLLER'S OFFICE

I went to work with the state government on March the twentieth, 1940, and stayed in that local government for the rest of some twenty-three years. As I look back on it now, it was circumstance that pointed me there, as much as anything else. And yet once I got into it, I never regretted getting into it. I felt that it was probably what I could do best and what I was most interested in, and it was, with all the headaches that went with it, it was very rewarding to me. I might not pick it as a career for my son or somebody else. I got a lot out of it and enjoyed a lot, learned a lot, and learned a lot about Nevada. [It] exposed me to things I never otherwise would've been exposed to—just something I can't regret.

I went into the controller's office, I think, as I have said, in the fictitious title of insurance examiner and deputy insurance commissioner. I began an association with Henry Schmidt, who was well worth knowing, of course, [and] was almost at the end of his political career. He'd been involved in it in Nevada for many years, and was somebody to know, and Kerwin Foley, also. And I was

given the job of taking over the sideline in the controller's office as his ex officio insurance commissioner. It was an orphan in that office, and I think they realized it; I think Kerwin began to realize that. And so Henry brought me into it, and Kerwin brought me up on the details of the office and the records, and Henry just virtually let me go, which is the area I work best in, and always have. I don't work too well in a rein—and [he] just gave me virtually complete freedom. I, of course, had to check with him, and he had to make the ultimate decisions, but he supported me in fine fashion.

I hadn't been into it but a very short time when I saw that there was a very bad situation developing. There were insurance promotions going on. They were selling stock in a firm called the International Life Insurance Company, in which they were going to form a Nevada home-based life insurance company. And after I began to study it—. These people were skilled promoters. They were expert promoters. And it was a promotion, strictly a promotion for people who were brought in

to sell the stock. I'd never felt that there was any motive in really establishing a permanent company, although I think maybe some people involved did think that this could be done.

I found the reason they had selected Nevada was because Nevada was operating under, I believe, an 1884 basic insurance act, so typical of things of that day—and unfortunately, they haven't completely subsided yet—of adding patches onto a bill instead of completely rewriting it, or changing the situation. They just amend it from time to time, as situation dictates, and it appears to be necessary, and consequently, you get what I termed, in many phases of Nevada state structure, a patchwork quilt. And you begin to get to the point where the patches remove the pattern of the quilt, and it doesn't make any sense any more. It's kind of a crazy quilt pattern.

Nevada laws were extremely weak: you could finance and start a home-based Nevada life insurance company with \$100,000 capital. That was the only requirement. And other states in those days had found out that this just couldn't be done. They'd found out through sad experience that insurance was a business, it needed regulation. And as I remember, California in those days had a \$250,000 stock requirement, plus a surplus of \$250,000, plus very, very strict rules of the California Insurance Commission. And the others worked the same way. They were very strict, and they just wouldn't permit a promotion unless it was well financed and there was complete assurance that it was going to become successful.

It became a stock selling proposition, and I could see possibilities of it becoming a scandal. I could see the maneuvering that was going on. People were being sold the stock with a marvelous story. They can make some

wonderful story if nobody's there to dispute their facts, and don't know anything about it. They had gotten so far as to get a certificate from Henry, in which he'd licensed them. I can remember him bringing it out to me and showing me the license he'd granted (now, this had been granted to 'em before I came to work for him) and it had on it written, "Subject to approval of policy forms." Henry told me in his inimitable way, he says, "Until they are proper, until we figure they are properly financed," he says, "they can wait until hell freezes over before I'll approve those policy forms. So they're not going to be in business.

Well, he wasn't exactly right, because he had left a loophole. There was nothing in basic Nevada law that was very strict as to what kind of securities would be posted. You had to post them. You had to come up with \$100,000, in cash or its equivalent in assets, to guarantee the company would operate. There really wasn't any provision that it had to be deposited with the Insurance Commissioner, as there was in every other state. And when I got to looking through the assets they submitted, I began to see an awful lot of hanky panky in it that Henry probably hadn't taken time to spot. They had fictitious mortgages, they had questionable stock certificates, they had some—I remember they had some street improvement bonds with the City of Los Angeles, which were practically worthless at that time. Later on, they became [valuable], but they were just almost worthless at that time. But they put 'em in for their face value. Anything that had a face value, they put it in for that.

I saw there was a lot of loopholes in it, but they already had this certificate from him. And I had a bad time with 'em.

They started coming up with policies they were going to sell. They were going to sell a founder's policy, which was strictly a

promotional deal—I could see so much into it. And as I said many times, I got my Ph.D. in promoters out of that experience, and it pretty near drove me crazy. They kept pressing these things. I kept finding that the assets they'd submitted were really paper assets, and whatever money had been brought in from the sale of the stock was kept and spent as promotional expense, and everything else. And these things were traded. They'd go and try to pick up a mortgage on a piece of desert property. They'd put it in at face value of whatever the mortgage was for. I even found property that had no real value at all, they got somebody to contrive a mortgage of \$10,000 against it, and so they put in the mortgage for \$10,000. Propertywise, it wasn't worth a hundred dollars.

Then, I began to see that my boss was a little bit in the hole, and I began to see the inadequacies of these laws. We had this 1884 law, we had a special mutual company law, and some other special acts that had been passed. In the intervening years, there was no pattern to it, there was nothing to it. They'd survived because we just had never gotten into the point in Nevada where it became that big a business, and where the weakness had been spotted. But these promoters—and other promoters—were beginning to spot it a little bit. There was other activities coming in.

I began to see that the only solution of this thing was a[n] insurance code, a complete code, completely writing a new insurance code. And I went to work on it with the help of—the insurance agents gave me just all the support in the world. And, of course, they furnished the brains, and I furnished the enthusiasm, because that's about all that I had at that time. They helped me out a lot. They knew the weaknesses were going on. I held meetings with insurance agents many times, and they supported me, and they got to Henry

Schmidt with their support, although I may not have needed that. Henry, by this time, I think, was perfectly willing to let me go, and see if we could extricate this thing. I had a bad time. The events that were happening were just too numerous to mention here. It was quite discouraging.

I remember of him bringing in a cemetery for \$1,000,000 security that they offered to leave with us and deposit. It was a deed of trust to the Blessed Hope Memorial Park in Burbank. I found out a lot about it later, that it was conceived by promoters. But it was originally designated to inter Aimee Semple McPherson. There was a circle in the center of it laid out, and Aimee had agreed to dedicate her earthly remains to be interred in the center, providing they would erect a suitable memorial for her, and thereby, all of the faithful who would be interred in this circle around her memorial would be the favored faithful. And they would be expected to pay a very fancy price for this. They should be willing to pay, I believe the figure was \$5,000, or something, for a plot, to be buried alongside of Aimee. And this was a tremendous promotional gimmick. They had an appraisal with a gold seal on it, I believe appraising it for \$1,000,000. It's a figure that sticks in my mind—it was a fantastic figure. And it was by a certified appraiser, a California state appraiser. And they would throw this thing across, and they gave it to Henry, and said, "Look. There's the state seal. This man is a certified California state appraiser, and there's not question of this thing. Now, we're giving this whole thing, and we're going to put it on proper with you. Now, how can you question our financial stability?"

I read the appraisal, which is something I think a lot of 'em didn't do, and I doubt if Henry did. The man made it very clear in his appraisal that he was appraising it on the

basis of the number of available burial plots in this area. I think there was two sections and about six acres in it, and because Los Angeles was running out of space—which was very true—that these burial plots undoubtedly would eventually sell for a reasonable price. So he took a very reasonable price on this for an ultimate graveyard, cemetery lot, and said there were so many thousand of these lots, and that they were all sold at an average of three hundred or five hundred dollars apiece, scaling them down to the various positions, that they would sell for a total of \$1,000,000. And therefore, on that basis, that when all of the lots were sold, [it] should be worth \$1,000,000.

Well, I could see the hole in that one, and by this time, I was thoroughly convinced that it was a bad deal, that it was strictly a promotion. So I finally went down to the California Insurance Department, I went down to Los Angeles to check this out. This thing had originally been put in a deed of trust with the Bank of America, when Aimee was involved in it, and it had blown up.

I went and looked at the property, and it was in a corner by Valhalla Cemetery. There was six acres there. It was completely overrun. There was railroad tracks on one side of it. It was used [by] Valhalla Cemetery to dump their things in there. There was the faint outline through the weeds of the original circle that had been laid out. There was a small crematory that had been put up there I when] they'd evidently gotten enough money somewhere along the line. I found out that this had been used in promotions, and kicked about from one to the other. A group of promoters that needed something to show some assets would go and pick this thing out and then try to pawn it off onto people for an immense I amount] of money, and use it as a basis of a promotion.

We hired an appraiser, a legitimate appraiser, and we went through all the records in Los Angeles. And he told me, he said, "Cahill, this thing has been kicked around from one promotion to the other, and it's strictly a sell." There wasn't even a road into it. There may have been—occasionally, the crematory was used. They told a story that they'd even tried to get into this little crematory that was built to cremate somebody, and the casket had bounced and fallen off the truck because of the roughness of the area they had to go.

It was obvious, at this time, at least, that it was worth nothing, and it certainly wasn't worth a million dollars, or any part of it. They had, somewhere, obtained title to the thing, but even that was by dubious methods, and I questioned the validity of the title. But it was obvious.

So I went to work on this insurance code, thinking this was the only way we could stop it. I copied the code of Illinois because it was the easiest for an inexperienced person like myself to follow. I learned another early lesson, that we just couldn't get everything we wanted, and I told the insurance agents that in this bill. What we had to get was a basic structure to start with, and then we could start building on that. There were some areas we wanted to touch on that needed touching on, but that we just didn't want to get anything controversial involved in it. We wanted to get a good structure to start, and not surround it with matters that would become controversial, because I'd found out that a little controversy sometimes destroys a good bill. And we were very careful [not] to do this.

It took two years of work, and that, from the insurance agents. Henry got it introduced by Senator [C. F.] Wittenberg from Tonopah, who was an old family friend. Senator Wittenberg may have inadvertently almost

put the kiss of death on it, because he put the phrase “by request” after it, and that normally is the kiss of death to a bill because it indicates that the introducer has been requested and hasn’t any real confidence in it, himself.

Well, we got it on. It was the longest bill that had ever been introduced in the Nevada legislature—or, I guess it was the longest one passed. (There was another one—a lawyer’s code—I’ve forgotten which code it was, but the lawyers had a long bill, and that one was being held up because it was too long.) And even with the help of the insurance agents, I found that we had a very difficult job, that early Nevada legislatures were getting a complete new concept started.

I had gotten some assist from these promotions, because they were going under, and people were beginning to find out that they had been taken, and were holding some worthless stock. Some of ’em were still going. The two years I went through with those promoters, men much smarter than I was, taught me an awful lot. And there was certainly just too much detail to mention here, but I certainly learned a lot from ’em, in how I could learn most to parry some of the curves that they’d thrown. I wasn’t smart enough to stand up and argue to ’em, but I was smart enough to know there was something wrong, even though I couldn’t articulate it.

I got back in with Senator Robbins, who had the bill bound into his section of the desk. And the word got out, “These people just will not go for this long a bill.” And I worked on it so hard, and tried to guarantee everybody that this was just merely a restatement of existing law, strengthening of existing provisions, and putting things under control, and, of necessity, had to be this long to begin to have a lot of controversial things that agents would liked to’ve seen in on it, and agents’ commissions, and one publication of insurance notices

(which pretty near lost the bill for me because there was a pretty lucrative morsel for the newspapers, in publishing these insurance notices).

And finally—I don’t know—I must’ve gotten a lot of help. I certainly didn’t lobby it through by myself, but I worked at it. And finally, late in the session, Senator Robbins called me up, said, “I’m just gettin’ so much hell on this bill,” he said, “I guess I’ve got to let it go. But,” he said, “I’m scared to death of it.” He said, “It’s the first time the bill has been in,” he said. “The last time a group of lawyers brought this section of the code up, there was a hundred errors in it, or something, and we had to put it off.” And he wanted, and many of ’em wanted, to put it off for two years, and this is the story that’s gone on ever since in the Nevada legislature, “Just don’t get in a hurry. It won’t hurt to let it sit for two years.”

I was so fired up on the thing and had seen so much of the injustice of it, so much of the promotion end of it, that I just couldn’t see letting it go for two years. I thought that the state’d go to pot in that time. And we just couldn’t buy it. The agents kept workin’ on it. And so the senator said, “I’d like to let this go for two years, but I’m just getting so much hell on it.” He said, “Will you guarantee me once more that there’s no great changes in this thing, there’s nothing real controversial in here of that nature, and that it does what you say that it’ll do, and that it’ll merely put some controls on this?” He said, “I know there’s been some evils.”

Senator John was not a blue sky man. He didn’t like anything that smacked of blue sky. And yet we were putting a lot more power in the hands of the insurance commissioner to control these things.

He said, “Well, on that representation, I’m goin’ to let it go. But God help me,” he said, “when it comes up next year, and we’ll have to

make so many amendments to the thing,” he says, “I hope it operates in the [meantime].”

And he did. He let it go, and it got over into the assembly—and Cliff Jones, who was a young attorney at that time, studied it, and he said, “I’m not going to—” (he was chairman of the committee, I think, it was in). He said, “These people want this bill so badly,” he said, “but I’ve got to read it.” He said, “I will not vote for something I haven’t read.” So he stayed up all night and read the bill, and then had me sit beside him while the bill was being debated, to keep him advised of any questions. He said, “I don’t know the business. I can’t answer the questions.”

Well, I may not have known the business, but I knew that particular bill backwards and forwards. I knew the reason for every line in it. So I did. I sat with him, and he helped. And he steered it through the assembly. We got it through, and that was—to that point, I still think—one of the big accomplishments of my life. I don’t claim credit for it, as I say, complete credit for it, because I got an awful lot of help from everybody involved. I merely was the focusing point for it, and did the legwork, and got it off, balanced, to where we could get it into a form that could be considered.

The code stood up. It had only, I think, two amendments the next session, although there were many chapters added to it later that really would have to be added, and it’s still in the same form as it was then, and it can be verified if someone goes back to the Illinois Insurance Code of 1937, I think. I took some things from [the] California [code] but I took it from Illinois because it was clearer to a layman. That’s the form that it followed, and while it was just a start, I really believe that it was a good start.

One of the better things that it did for me personally was it brought me into a rapport with Senator Robbins that I thought I never

would attain, and [which] I kept the rest of Senator Robbins’s life. I had a very staunch supporter and a very staunch friend in John Robbins from that time on, and he sometimes came to my rescue in later days when I needed him real bad. And he stayed with me. And I grew to admire the man a lot. Pie was a potent figure in Nevada politics. He was a stabilizing factor in the senate, his legal knowledge was invaluable, his long political career was invaluable, and he was a man of definite ideas, and quite politically minded. Some of his ideas were politically motivated; there’s no question about that, but he was well thought of. I think I saw in him a lot more than some people did, people [who] didn’t know him as well. He was a man of high principle, and he believed in his principles. You may not agree with some of his principles, but I thought he could be trusted, and I think he did the state of Nevada a great service in the years that he served them. And he certainly was a strong man. And, of course, he served in many sessions of the legislature afterwards that I was involved with, and did up to the time of his death.

The elevator in the state capitol building is a monument to him. We didn’t have an elevator in those days. I used to negotiate steps two or three at a time, and began to find out through the years that the steps got higher, and there seemed to be more of them, and I just couldn’t make it. But many of us didn’t have any problem with those long steps. Noble Getchell, who was another old-timer in the Nevada senate, had a bad heart, and they originally packed up upstairs with a device that would pack him up the stairs, and he stayed. The last two sessions that Senator Robbins was there, he had suffered heart trouble, and I don’t know whether it was the same type of chair they devised for Getchell (they took Getchell [up in] one of these old

armchairs and put long two-by-fours on each side of it, and then capitol staff would get on each end of it, at least four of them, two in front and two in back, and maybe sometimes more, and they would pack him upstairs because he wouldn't take the stairs). And then he'd stay up there all during the day, and then would only leave when he knew he could leave permanently, and then they would pack him downstairs.

And then he finally told me the second session he was there, he said, "This is the last session I'm coming back to them unless they get an elevator, because," he says, "I'm not going to put my health up for grabs on it, and I just will not come."

So they appropriated what was a lot of money for those times—I can't remember—it was \$25,000, or \$50,000, but it was a lot of money. And they built that little one-horse elevator that's still creaking up and down to the second floor. I'm sure Senator John at least hastened that day. I think there was a lot of people thanked him afterwards, or were thankful that it was there.

All of the time that the Nevada legislature went on, until this present session, Senator John's desk always was a particular spot for me. The last man to sit there was Senator Mahlon Brown. But to me, that was a special spot, because I can almost look and still see him there. And the others—same way on the other side—could see Senator Bill Dressler. He sat across the aisle from me. They were interesting days in Nevada politics and interesting people. [There were] a couple of items in this insurance bill that I rather glossed over. For what it's worth, I can go into it in a little more detail.

I mentioned the publication of insurance statements. Even in those days, there was some two or three hundred, at least, licensed insurance companies in the state of Nevada.

And the law required that they publish a condensed annual statement, which, I think, would be maybe two or three column inches (that's the way it was described; they were very short) and a fee of twenty dollars per publication, which was very good money for a little space in those days. It had become quite an item to some papers.

We handled the short form of publication, would send them out to the insurance companies along with a long form of annual statement they were required to file. And there was always a fear that it would be used as a political machine or a political element for the insurance companies here, and that he could control the giving out of these publications. [At] one time, I think, insurance commissioners had tried to make them file all of the statements with them, and then they would dole them out to the newspapers as a reward. I'm sure Henry Schmidt didn't do this. Henry really never forced issues of this kind. He was not averse to taking advantage of something that would help him politically, because he had to run for office every four years, but he never forced issues of this kind.

And we had compromised the issue by—and maybe earlier; this had been done earlier—the insurance company had a right to write in where they wanted it published. If they didn't write it in, the insurance commissioner could send it out as he saw fit. The *Humboldt Star*, and its owner and publisher, Mr. [Rollin] Stitser, saw this years before, and had gone down to San Francisco and solicited many companies, and they would publish their statement in his paper. And really, it didn't make any difference to the company, and an awful lot of 'em told him they would. So whenever the publications came through, they were marked "*Humboldt Star*." And there were some others, but the Stitsers had, by far, the biggest part of this business.

And it was, I think, quite an important thing to a paper as small as theirs, and a community as small as theirs.

Mr. Stitser had died, and Avery Stitser, his wife, took over as publisher, and I'm sure she didn't have an easy time of it. Small town newspapers in those days were not really that remunerative. They weren't a financial jewel, by any means.

I know Henry Schmidt thought, merely from purposes of control, that it should be published by the insurance commissioner. And there was a great fear that in this new code that we would do this, and take away the newspapers' rights, particularly Mrs. Stitser's rights, to this thing. And I did not put it in. I warned Henry Schmidt, "We can't put it in. Again, it's controversial, it's changing the status quo. It [will] upset a lot of people, and we just can't do it." And we didn't. There was nothing changed in that new code to change this position. It was done so purposely.

But I'll never forget when Avery Stitser, a very personable and intelligent and attractive woman (it was about the only time I ever really was exposed to her) came sailing into that legislature. She was really raising Old Ned because she thought that this support was going to be taken away from her. Of course, immediately, some of the senators and assemblymen came to me, and I assured them that this wasn't so. But I had an awful job with it, and I had an awful job of assuring Mrs. Stitser that it wasn't so. She wasn't about to read a 130-page bill, or whatever it was, to find out, because it was a technical bill, and she just could rather it didn't pass at all, and then she knew that there wasn't going to be anything happen to her.

I don't know how I did it. I think I finally convinced her that she wasn't being hurt, and that there was absolutely no change in it. I don't know, maybe one or two other interests

were interested in the same thing, but nobody to the extent that Mrs. Stitser was. And I don't know whether I talked her out of it, or whether I was able to get agents or friends that she knew better to assure her, but evidently, we finally made it, and she went home a little mollified, and agreed that she'd [laughing] sit by and not oppose the bill any longer.

Another facet of it—I went over and talked to Joe McDonald, with the *Nevada State Journal*. And, of course, Joe was a respected newspaperman, and I respected him, an old-timer. Like Ed Mulcahy, I used to seek him out for counsel occasionally, and I never got any real bad counsel from him, either. I went over to enlist his support in this thing, and I was just fired up. I was so interested in the thing I just thought my whole life depended on it, and if I lost this one, I was done forever. (I'm sure that wasn't in the proper perspective, but it seemed to me that way at this time because of the things I'd seen happen and the people that I'd seen clipped, and all of the things that was going on.) And I told my troubles to Joe. He listened to me, and lent some advice to it, and told me he'd help me wherever he could, And I don't remember—I think he did do a little. I don't know whether he did anything editorially or not, but I think he did. But he did say something to me that I have, again, never forgotten, and I think it's so apropos today, yet. I had to agree with him, but, at course, loyalty to my boss wouldn't permit me to publicly agree with this too much because it had not been handled properly from the beginning in the controller's office, even though I knew my boss's intentions were good. Joe said, "Something you've got to remember. That is, that a bad law, with good administration, is oftentimes much better than a good law with bad administration." He said, "It's the administration of the law that gets you into difficulties, more often than the law, itself.

And,” he says, “I think that’s your problem here.” He was dead right on it. But I couldn’t, out of loyalty to my boss, ever point this out; but it’s something that’s true, and it’s still true.

Administration—of course, I’ve spent most of my life in administration after that—administration of the law sometimes is much more important than what is said in the law, itself. And it was never better expressed than Joe expressed it there. I never forgot it. And I can see it working out yet today.

I think that basically ends the insurance story. I had lots of other things come up in it that stirred me up to some fire. I was still young enough to get excited about matters of principle, and foolish enough to be able to tackle some of ’em that maybe wiser people wouldn’t do. But some of ’em I got away with. That’s the advantage of youth.

I stayed in the Insurance Division until August of 1942, when Kerwin Foley went into the Navy, and willed me his job as deputy state controller. The only advantage that I had—and it was to stand in very good stead later—was I had come into knowledge of the Nevada financial system and structure, Nevada finances, a little bit in reverse. I started as chairman of ways and means in my first session—the allpowerful ways and means committee, who considered the appropriation bills and held the reins on state spending. And, of course, most of the time of that committee, as it still, is, is spent in hearings of various state officials and the reason for appropriations of state money. But I was able to come down and I did sit in an old double desk across from Kerwin Foley, and Kerwin and I had very good communication. I thought the world of him, and I’m sure he did of me. I admired him, and I admired his fine mind. And he would keep me abreast of practically everything that was going on in his end of it, although I didn’t know the mechanics of it as

he did. He wanted me to do some of the work and help him with some of the work because he felt that I should know something about the controller’s end of it.

I was able to see the working out of the appropriation bill we passed in the ’39 session, because that bill is taken down just as it’s written, and the appropriations entered into the controller’s ledger. And it’s the heart of the state books, and it’s where the new biennium starts, right with the bills that were passed by the previous legislature. So I was able to see them work. I was able to learn a lot about them. Kerwin would call my attention to it, seeing things that I couldn’t see at the time up there, and remember representations that had been made that didn’t quite work out the same way. I could remember reasons given for spending money, and I could see the checks that were written on ’em, and I learned quite a bit about that end of it, but I didn’t know the mechanical end of it.

But I did take over the job of state controller. Kerwin assured me I could do it with no problem. Again, as I think I pointed out earlier in my life, accounting was never my profession, but it certainly was a tool in most everything I did, and I had a natural bent for this. I liked it, and could always visualize figures. It stood me in good stead. I could figure my way out of these things, even though I bogged down on the detail, and I knew I would if I’d’ve taken accounting as a profession. But Kerwin assured me that I could, because he and I used to talk accounting, and he was a genius with figures. He had a photostatic memory. And he could put figures together faster than any man I ever knew, out of his head. He said, “You’ll have no trouble with it.” He said, “I can’t explain it.” Kerwin wasn’t very good at explaining anything. He said, “I can’t explain it. I can’t explain, but you’ll find out.”

So I learned. I spent lots of time—and fortunately, I'd moved to Carson. I knew by this time I would have to (I had been living in Sparks). I spent my evenings coming down when nobody else was there and going through the books, and learning the detail. I had the advantage of my legislative experience with the general appropriation bill, which was still unfolding in this session. And I managed to get out the controller's report and the technical things with it.

I had the usual troubles of wartime. We were losing girls, either following their husbands or going to more lucrative fields. I began to lose most of the good help I had, but I managed to hang onto enough of 'em at a time to be able to salvage it and come through with it. And those years, from 1942, August of '42, to 1945, were devoted to working out the controller's books and the detail, and I got to have quite an extensive knowledge of state finance because that's where it starts and ends. And particularly, at that time, it was the only place you could get a real good knowledge of the state financial picture, because that was where it operated. That's where all the money was spent; you saw every check. Every check that was issued in the state of Nevada went over my desk, and went over Kerwin's desk. We personally checked it, we marked it as to what appropriation and fund. We kept track of the funds in the appropriations. It was small enough you could do all within a small office, which, of course, you couldn't do today. And it was a simple hand bookkeeping system. I learned to operate the bookkeeping machine, which came in handy. I didn't do it very well, but I could get on it nights and pound on it. I knew the principles of it.

In the next session of the legislature, I began to be the source of most of the financial knowledge, because those in the senate and assembly that wanted to find out something

about state finances had to come there. I became associated with Senator [A. V.] Tallman, who was later lieutenant governor, and who was very interested in the financial picture, but knew that—as a rancher and farmer—his shortcomings in being able to understand it. I spent many and many an hour going over the financial picture with Senator Tallman and some of the others that came down and wanted to trace out things or have explanations of where money went.

I found out, also, that the title of *expert* is completely relative as to how much the people around you know. I happened to be about the only one left. I was just over the draft age, and I happened to be the only one left that either hadn't gone to war or to some other job, and I was the only one left around there that knew very much about state finances. So relatively, I was an expert because nobody that I came in contact with knew anything about it, to speak of, at all. So I began to get a little bit of that reputation. And I can remember Senator Tallman coming down, and we talked theory. He loved theory. He loved financial theory. And it was about this time I was beginning to come to the conclusion, for sure, of something I've mentioned before, that we were being saddled with a title of "One Sound State" that was rebounding on us and creating false impressions. We weren't one sound state. As Carl Shelly and I used to talk about it, we were sound to the extent that we spent no more money than we took in, or less money than we took in, but we didn't have the things we needed. And we used to compare it to a well-known character in Sparks of that time [who] had nothing but money, but wore cotton stockings because she wouldn't spend the money for silk stockings. We compared the state of Nevada the same way. We were still well off financially, but we were still in

the “cotton stocking” stage, and really, not well off at all.

It'd been drummed into us so long that these taxes were nuisance taxes, and consequently, were things to be avoided and shunned. You didn't even talk about 'em except in a whisper, 'cause they're nuisance taxes. I first developed the theory, “All taxes are nuisances. There isn't any such thing as a nuisance tax in itself. All taxation is a nuisance to the guy that has to pay it.” And I was beginning to develop this theory. Senator Tallman saw it early, and I can remember him leaning over the counter one time, looking around him to see if anybody was listening, and he had to be very cautious in putting his hand up over his mouth, and whispering to me very cautiously, “You know, I think someday we may have to have a sales tax.” But you didn't talk about it out loud. We were never going into anything of that nature, but I knew we were going to have to.

Of course, the war period was a period in which everything was pretty much at a standstill. We were going all right in the war period. We were spending less than we took in. We were spending less because we, really, in many areas, couldn't spend it, could spend money on highways, similar to the railroad. They came up with deferred maintenance. They couldn't spend money for maintenance because they didn't have the physical crews to do it. So we were saving money, but we were piling up liability for later on, which we knew was coming. I began to be pretty soundly indoctrinated into that.

I remained as an unofficial advisor of Senator Tallman, who later was lieutenant governor and ran for governor against Governor Carville. I became quite a financial advisory to him, and he talked to me a lot. Whenever he came in as lieutenant governor, he always insisted on coming in and sitting in

the chair when the governor was gone. This was something new, because generally, the lieutenant governor was just strictly a name. He stayed wherever he happened to be, and if something had to be signed, they brought him the paper to sign. But Tallman—I think he knew he was going to run for governor later. (I can't remember what the sequence was, whether he ran for governor first, and then became lieutenant governor. But he became lieutenant governor, not by election, but as majority leader of the senate. And when the lieutenant governor's position was vacated, he became the ex officio lieutenant governor.) He was never elected. He was defeated for governor. But he was the majority leader in the senate. And I think the majority leader of the senate is the man next in succession—or was, at least—and I think still is, to the lieutenant governor.

And he used to come in and send for me. I was, by this time, in the Tax Commission. We'd just talk, and he'd ask me questions about state finances. And I can remember an incident—I'm gettin' a little ahead of my story—but I can remember an incident that so well illustrates the easy nature of Nevada politics in those days. The governor's office was open to anybody from any part of the state. They dropped in and said hello to the governor. Alice Maher, who was secretary to both Governor Carville and Governor Pittman, would immediately usher them in to say hello to the governor. If anybody had a complaint, they came in and told the governor about it, and it was quite a free and easy day.

I had the office next door, in the Tax Commission, and used to get the SOS quite often from Alice to come in and help her with something that went on. I was doing the state budget, but she called me in. Some young major from the National Guard, who was worried about his appropriation, and she

called me in to explain it, the appropriation, to him. I began getting involved in quite a heated argument with him, and Senator Tallman, who was Republican, was sitting in the governor's chair—the governor was gone—and Alice got so interested in the argument that this young major and I were getting into, I guess that she lost track of things for a minute. And there'd been a couple of gentlemen around there that were pretty inebriated. One of 'em knew the capitol a little. He worked as salesman for some little newspaper. But he was really inebriated, and so was his friend, and he decided he was going to bring his friend in and introduce him to the governor, and impress him about how he knew the governor, and this was the case.

Alice was trying to fend them off, and somewhere in the line, she got 'em out, and started to get 'em out the front door; and then they tried to get in the side door, and she stopped that (that was the old entrance, still there, right by the front door of the governor's office). But somewhere along the line, she got lost in the picture, and woke up to the fact that one inebriate had staggered into the office and was sitting down and talking to Senator Tallman. While she was chasing one of 'em that was trying to get in the side door, she went out chasing him, and the one inebriate staggered in, was sitting down, talking to Senator Tallman. And while she came in to see what was going on there, the other one followed her in, and so they both sat down and started talkin' to him.

She was very embarrassed about it. Tallman took it good-naturedly. And so the :guy explained in a very thick voice, he says, "Governor," he says, "I know you're a Democrat, and I'm a Republican, and my friend's a Republican. But," he said, "I understand that, but I wanted you to meet

him." Tallman looked at him and said, "I'm a Republican."

And the guy got quite confused, and he says, "You're a Republican?!" "

He said, "Yes, I am." He didn't explain the circumstances.

He was the man, I think, knew who the governor was, but he was too far gone to picture it at this time. Then he began to shake his hands. He said, "Well, I guess I must be in the wrong state.' I would've sworn the governor of the state of Nevada was a Democrat. And now you sit there and tell me he's a Republican!" And he says, "I wonder if we're in the right state!"

And by this time, we'd managed to get 'em by the arm [laughing] and escort them out, much to Alice's embarrassment and discomfiture. But it just illustrated, really, quite well, how easy it was in those days to get to see the governor of the state of Nevada. It isn't quite that easy now, even though he's located in essentially the same place and in the same offices. But anybody could see him, and these gentlemen managed to stagger in and see him.

Let's see. I've kind of lost my way again now. I got off on that story. Oh, with Senator Tallman.

Other than acquiring a somewhat dubious title of state financial expert because I was the only one there exposed to the whole picture, why, the time at the state controller's office was interesting, but I guess more or less uneventful, until I—well, in late 1944, was told by a very good personal friend that I could probably have the job as the secretary to the Tax Commission, which was considered a very good job in those days. It was well up in the listing of state jobs. It paid the—to me—almost unheard of salary of three hundred and forty-five dollars a month, and I was making two hundred and fifty-two with the

state controller—deputy state controller. (And I had one of the best jobs in the state, except for jobs like this one.)

We knew George Allard, who had that job, appointed by Governor Carville, would probably be appointed as chairman of the Public Service Commission. But the governor was a little reluctant to let him go because at that time, the secretary of the Tax Commission did the governor's budget. file] drew it, put it together (of course, with conferences with the governor), figured the original tax rate, and followed it through in the legislative session, kept track of every addition and deletion from it so that the state tax rate could be estimated at the end of the session, and had to maintain complete liaison with the legislature, because he was the governor's representative, and he was the only person, probably that could explain the reasons for the budget.

Carville was very loath to let him go because he just said, "I can't unless I can get—who are we going to get to fill that job?" And it was still wartime enough that a few of the boys were drifting back, but there wasn't anybody really qualified, and they were kind of at a stalemate with it.

This person had suggested to George that I could fill it. And George immediately agreed. And I had no questions about that, myself. So I was told, "If you go in and ask for the job, you can have it, but Carville doesn't want to make Henry mad." Because, again, Henry Schmidt sat on many of the boards. In those days, all those officers sat on the state boards and commissions and on the highway board. Henry was not an easy man to tangle with, and nobody looked forward with any relish to tangling with Henry Schmidt.

So I used the same tactics I used before. I went in and told Henry. I said, "After all, it's ninety dollars a month more. I don't see how I can turn it down, but I want your blessing."

He says, "You've got it." He was a fine old man. He says, "I need you here, but," he said, "they probably'll need you worse there, and I wouldn't stand in your way." Great.

So I went in and told the governor, and that was the first thing the governor said to me. He said, "Yeah, but what does ol' Henry think about this?"

I says, "Henry'll give me his blessing."

He said, "Great." Don La Rue was then head of the consolidated offices. At that time, the state auditor, bank examiner, and tax commission was all consolidated in the same office. That was the early concept, and it was many years in correcting. They never wanted to establish more bureaus or commissions. So any time anything new came up, they gave it to an existing officer. So Malcolm McEachin, the secretary of state, was ex officio corporation commissioner (and I guess that's one that has still remained), Henry Schmidt was a officio insurance commissioner, the bank examiner was ex officio state auditor and secretary of the tax commission, and on and on it went. And it didn't stop there. This was a theory that was pretty much in vogue at that time.

So Carville said, "Well, the job is really not mine to give. It belongs to Don La Rue, and Don's very sick. But," he said, "as soon as I get Don's approval on it, why, I have no objections to naming you to it. But I've got to go to Don."

It was Thanksgiving Day in 1944 that Governor Carville stopped by the house—I was eating Thanksgiving dinner—told me that Don was well enough to talk to, had said certainly, go ahead, give it to me. So I got the appointment effective January first. But, of course, I had to go to work almost immediately on the state budget, which George Allard was starting to prepare. And with George's help that first time, and the knowledge that I had from the controller's office, the budget was never a problem to me

because I had learned it groin the ground up. Where George, for instance, was familiar, and Bill Atkinson before him, and these had filled this job, [they] hadn't been exposed to it in the same manner. They had to learn it from scratch. And it was much harder for them than it was for me.

So on January first, 1945, I became chief clerk in the Tax Commission. He actually served as secretary of the commission, as Don La Rue never attended a meeting of the Tax Commission, and Grant Robison, after him, very few. There was a tacit understanding that the chief clerk of the Tax Commission was a Tax Commission representative, and sat in on the meetings, and actually did the work of the secretary. And that started my first career, first of four; I think it was four state budgets that I did for the governor, and it brought me into contact with the finance committee and ways and means committees of the senate and assembly. And that started my Tax Commission career, where I was destined to stay for—let's see, about eighteen years I stayed in there. I was fortunate enough to start with it when it was small, and I was able to learn a lot about it when it was small, and able to keep up with the growth. I don't know whether I could today. But today, I've made the complete circle, and now I'm a member of the commission, and so I'm sitting on the other side of the table that I looked at for eighteen years, from the position as an employee.

Going back, for a moment, to Henry Schmidt and the days I was with him in the controller's office, and, as a matter of fact, before that, Henry was quite an individualist. He was loved and admired by many, many people, including myself. But he was outspoken in his ways. He seldom hedged on anything; he took a very definite stand, and he was one of those rare souls that loved battle. He was always ready for anything that

was controversial, and, like some other well-known people in Nevada history that I can remember, such as Bob Allen, for instance, he seemed to thrive on controversy, and if it didn't exist, he probably would stir some up just to keep things going. And this was just the nature.

I can remember Henry's wife, who was a very astute individual, remarking with a favorite saying of hers, "Everyone should know where Henry stands on any subject, because if they don't know, it's only because they didn't ask him." And this was fairly descriptive of the fine old man.

He used to start each legislative session with some piece of controversy. About the time the legislature would come in, generally, some question would come up to him, or something'd come up for him to rule on, and he always managed to start the session out in time style by getting something controversial injected into it.

I can remember one of the first sessions that I had any experience with. The Las Vegas delegation had decided that they would put in their mileage in a little different way than had been the custom. Legislators in that day, and I think, still, follow the same rule [and] get their mileage to and from Carson City once during the session. And it was on a fixed fee per mile. I can't remember how much it was. I know it was ten cents a mile, or some such figure. And in those days, there was no regular public carrier service, as such, between Las Vegas and Carson City. I guess there was a bus line of sorts running, but it was not considered a standard mode of transportation. So they put in their mileage bill, calculating the mileage from Las Vegas to Salt Lake City by rail, from Salt Lake City to Reno by rail, and from Reno to Carson city.

Henry refused to pay them. He always took the stand— which, I think, legally, he was

entitled to—that the state controller signed all of the checks for the state of Nevada, and he was not going to sign it unless he was satisfied that everything was in good order. If he didn't sign them, there just wasn't any check. And this followed a general theory that was very proper as to public interest, but, of course, sometimes could work down into areas where it wasn't that big an issue. But the principle of it still applied. And this is what happened in this case. He just refused to sign the checks. And not only did he refuse to sign the checks of the individual legislators from Clark County, but he refused to sign any travel checks at all, for any of the legislature. Legislators haven't changed too much from year to year, but they were not noted for having their pockets overflowing with money, and they counted [on] this expense money when they got to Carson City. So it created quite a stir.

When Henry would start something like this, he would retreat into the rear office, and get behind his newspaper, and puff on his cigar, and refuse to talk to anybody, and let Kerwin Foley and I stand at the counter and fight off all the angry constituents, or in this case, legislators, who were involved, explaining to them what Henry had done. When they demanded to see Henry, that didn't do them much good. He stayed back there. We were the ones that were on the firing line, and that was quite a hectic time.

It eventually was settled, as these things always are. I think, most of the time, they were settled Henry's way, because he simply took his stand and refused to budge.

This brought a rather amusing incident. The aftermath of this brought a rather amusing incident in the legislative session. (I believe that was the 1937 session of the legislature.) C. C. Boak, who was a very revered gentleman and representative from

Nye County, was an elderly man and had been in many sessions of the legislature, and was one of those sincere old gentlemen that everybody loved and respected. C. C. had a pet project, as many legislators do, that he would continue to bring up before the legislative sessions, according to the story that I was told. He believed in the emasculation of criminally insane people who were repeaters and felons—I don't remember whether it was two- or threetime losers—people convicted of sex crimes (which wasn't discussed too freely in those days). And he used to introduce this bill in the legislature. And this time, he came up with his favorite bill, and the legislators were always rather nervous. They didn't like to be impolite to him to that extent—or, to be rude, rather, but it, of course, was a bill that was, like many, destined to go nowhere. And yet they wanted to not hurt the feelings of this fine old gentleman.

So he introduced this bill, got it up for discussion on the floor, and Bob Moore, who was a character in his own right, from Clark County, was in the assembly that year, and introduced an amendment from the floor, and asked permission of the introducer to introduce an amendment. The amendment was to the effect that it extended the provisions of the bill to the state controller for refusing the mileage claim of the legislators, and the state treasurer for refusing to pay it, and the governor and all the other of the elected state officers for not using their influence to see that it was paid, and to all male members of the assembly over forty, "to give us young guys a chance."

This, of course, created a storm of laughter, and the session almost broke up. And before the old man fully realized it, his bill was tabled. And, so the story goes, he did lose his temper, and, red in the face, strode over to Bob Moore, and told him (and incidentally,

the old gentleman did stutter quite badly, and particularly when he was excited)— and he strode over to Bob Moore and stuttered out, “D—d—d— damn you. Y—y—you laughed my bill off the floor.” And at least, it created some amusement.

Henry continued in his usual procedures. Most every time the legislature came up, there was some issue that started it off in good form. One was when an early bill was introduced when Governor Carville was governor (I think that was about the 1941 session) for repairs to the governor’s mansion, or some extra expenses for the governor’s mansion. And Henry refused to pay it. That created quite a storm, had the governor a little mad at him for a while, and everybody was negotiating and working back and forth. I can’t remember how that came out. I think that—finally they did work out some sort of a compromise on it that got the governor what he felt he needed in the mansion.

And there was also, one other time, there was an argument over the legislators’ travel. I can’t remember the particular issue that time, but it went through the same procedure. He just refused to issue the checks, and cut ‘em all off, and retreated to his office, and stood firm until some body either retreated from their position or were able to get him around to a point where they could come up with something that was acceptable to him. There’s many, many stories about Henry, both in his capacity as insurance commissioner and state controller, but they all followed this general pattern.

This carries on until a little later in time—but one of the most notable ones was when what we called the Boulder Dam money was given to the state of Nevada. That came up in the ’39 session of the legislature. And the state had two options as to how to take the grant that was going to given to them by

the federal government to reimburse them for the construction of Boulder Dam on the Colorado River. There was a lot of argument at the time as to whether this was in lieu of taxes. And if it was, then Clark County demanded their share in relation to their share of the tax rate, which, of course, would’ve put most of the money into Clark County. And there was very high and strong feelings on this. Clark County was rather new in the limelight because it was still a small county, and there was strong feelings that this money belonged to the state of Nevada and none of it should be shared with Clark County, particularly, which was quite remote from the other areas of the state and not nearly as well known as it is now.

The state, in that session of the legislature, elected to take \$300,000 a year as reimbursement from the federal government. As I remember, the Words “in lieu of taxes” were struck out of the enabling act in the national legislature, and just left the grant of \$300,000 a year to the state of Nevada. Clark County waged a very vigorous campaign to receive their share of it on their tax rate ratio, and they got very little encouragement in that. I think the original \$300,000 was given to the state treasury, and it was in the ensuing session of the legislature when Clark County really put a campaign on to get a share of the money. Part of the maneuvering that went on in this was that Senator Horsey was serving in the senate from Clark County in that particular session of the legislature, and was quite well along in years, and I believe, considered by people in Clark County as too elderly to fight a vigorous battle of this kind. And Clark County was definitely committed to wage an all-out fight to get the money. So Senator Horsey resigned. I think this was maneuvered by the party people down here. Clark County at that time was really predominantly Democratic, just completely

controlled by the Democratic party. So Senator Horsey resigned, and Archie Grant was appointed with a specific assignment. There was no question about that. That was his job in the legislature, was to get Clark County a piece of this money.

Archie did a magnificent job on it, worked all through the session, and finally got them to agree to give \$60,000 to Clark County, and the remaining \$240,000 to go into the state treasury. Now, this was much less than they would have gotten in the ratio of their tax dollar, but nevertheless, it really was quite a victory for Archie, and for Clark County.

But they had reckoned without Henry Schmidt. When the first \$300,000 check came in, they came over to Henry and asked him to write a check for \$60,000 to Clark County, as the law directed. Henry was not very strong on that idea and began to look for loopholes in it, as he quite often did. He found that the wording in appropriating this money to Clark County was a little different than was generally accepted, and that is, as I remember, it said, "The state treasurer shall remit the \$60,000 to Clark County after receiving the \$300,000."

So Henry looked at it and said, "It doesn't say anything about the state controller, and so I'm not going to write the check." He had told Kerwin and I, "Just let 'em see who else can write checks on the state of Nevada other than the state controller." So Henry made his announcement to the people concerned to that extent, and if you don't think that created a storm in official circles, you've got another guess coming.

Gray Mashburn was attorney general, and Gray issued him an opinion that said, "This is a bill duly passed; Clark County is entitled to the money," and told him he was perfectly entitled to issue a controller's warrant for it, and directed that he pay it.

And Henry said, "Well, who's the attorney general? He's just a counsel I can listen to if I want to, but if I don't agree with him, I'm not forced to."

So he went out and got [M. A.] Jack Diskin, who was a previous attorney general and a very fine lawyer, to give him an opinion as to whether he had to write this check or not.

Well, as I remember, the essence of Jack's opinion was —and it's been told before, and has been told since—that, "You are a public officer, elected as state controller, and you are obligated to be thoroughly satisfied that every check you issue is a proper and valid check on the state of Nevada." I can't remember the specific part (it's a matter of record) of the rest of the opinion, but it did give Henry the leeway that he needed, and he relied on this, and said, "I'm not goin' to write the check. Now what are you going to do?" Dan Franks [state treasurer] tried to reason with him, and Henry says, "Well, the law says for you to pay it. Why don't you pay it?"

Dan says, "Henry, you know I can't write a check on the state treasury.

And Henry said, "Well, I didn't think you could, but," he said, "that's the way it is. I'm not going to write it. So what are you going to do?"

Henry was in one of his typical stands that he wasn't about to back off of. So this, I'm sure, caused hurried conferences with the governor, the attorney general, and the state treasurer, all of 'em involved. Dan just virtually wrote to Gray Mashburn, the attorney general, and says, "What do I do?"

So Gray told him to take the check, to go down to the bank, and trade it for two checks, one to the state of Nevada for \$240,000, and one to the treasurer of Clark County for \$60,000. And he gave his official blessing so the bank could handle it in this way. And this was what they did. They took the check down, Dan got two checks back, one made

out to himself as state treasurer, and one to the treasurer of Clark County for \$60,000.

Henry never receded from his position, and I don't know whether that had anything to do with it or not, but the portion to Clark County only lasted one session, and the next legislature revoked and put the entire \$300,000 into the general fund, where it still goes, to this day.

Afterwards, I looked up the wording and noticed that a number of bills had been worded that way. In those days, they didn't have a trained bill drafting crew, and they would go out and pick up an attorney that wanted the work, either a young attorney or one that felt he could spare the time, and bring them over, and they'd negotiate with 'em to be bill drafter for the legislative session. Judge [A. J.] Maestretti (he was later judge) had been in a number of sessions for the assembly as assembly bill drafter. But the senate quite often varied them, and through the years, even the assembly had had many bill drafters. And they all drafted according to their own ideas, and as they would happen to dash it off. I noticed a number of appropriation bills that were worded that way. Now, the standard wording was that "The state controller shall issue his warrant for \$60,000," for instance, "and the state treasurer shall pay the same." And that is, of course the way that the state operates. The controller issues the check, and the state treasurer countersigns it, signifying that he has the money to pay it. The money rests in the treasurer's office and the checkbook is in the controller's office. A lot of people don't understand that, but that is still the way that it operates. The controller's office is the checkbook, and the treasurer's office is the bank, and the controller draws the warrant on the treasurer.

I had noticed that a number of these things were worded in the same manner that Henry

picked to pieces on this particular instance, and it didn't follow that wording. It just merely said, "on the state treasurer." I believe some of 'em said, "The state treasurer will issue his warrant for \$300,000," which nobody had bothered to correct up to that time. But I'll tell you, I don't believe after that it ever [laughing] happened again. I think they [laughing]—I think they covered that loophole.

I might add that Jack Diskin's opinion in this instance was a gem for brevity and for getting right to the point, and— as far as this particular matter goes—was a landmark opinion. He pointed out in that opinion that the state controller was supposed to be sure that every dollar he issued a check from was proper, and that if he had any doubts whatsoever, that the right of remedy lay with the people involved. In other words, they could sue him, and let the courts decide whether he was right or wrong, and to resolve all doubts. That case has been quoted many times, as I remember, since, to resolve all doubts in favor of the state, because the litigant, or the person appealing to him has the advantage of *mandamus*, of taking him to court. He said, "Let 'em *mandamus* you," and that's what Henry told 'em. He just said, "If they think I'm wrong, let 'em *mandamus* me. If the court tells me I have to pay it, I'll pay it. But nobody else is going to tell me."

That wasn't the only time that he came up with similar stands. He would follow that course. He'd just say, "If I'm not satisfied, I'm not going to pay it. Let 'em sue me if they don't like it." And it created, sometimes, a number of minor arguments (compared to this one) nevertheless, a number of arguments and discussions.

I guess we can go into the history of the Legislative Counsel Bureau, as I remember it, because I think, from the circumstances, and everything surround the creation of

the Legislative Counsel, I think that the idea first occurred to me when I was in the controller's office. I worked across the desk from Kerwin Foley, who was a remarkable accountant and student of human nature, and had been around a long time. Kerwin was very observant, very sharp, and a lot of the things that I learned in the early days, I learned from some of Kerwin's tutoring, or some of his remarks.

In those days, the budgets were quite different than they are today. They were line-itemed in many respects. Practically every office was line-itemed to every employee in there, and the salary for every employee was fixed, either by a general legislative law for clerk-stenographers, or special laws that created each of the individual positions. And they had quite close control over the salaries of each individual that worked in the state offices. A lot of the funds were earmarked by tax rate. In those days, the tax rate was broken down to—I can remember in the early days, eleven cents of the tax rate went to the distributive school fund, and nine cents to the university, and two cents or a cent and a half to the University public service. And, of course, the legislature had little control over those funds, where the agencies or the departments of state government [that] got them received a lump sum amount that resulted from the levying of a tax rate. No matter how they tried, it did limit the legislature's control over earmarked funds, where rates were earmarked for special funds.

Kerwin was one of the first to point out some of the evils of that, and then, of course, I had seen it in my session in the legislature, when I was chairman of the ways and means in 1939. I could see that these special, earmarked funds had very little control. The old public school teachers' retirement fund in those days had an earmarked amount, and there was a

number of other earmarks. Oh, one time, they had a half cent earmarked for the Malley-Cole deficiency fund (I remember covering that on the Malley-Cole thing). The rate was broken down. And then the general fund as a whole had a relatively smaller levy. The general fund levy—I'm just picking figures out of the air; it might've been, for instance, fifteen cents, or seventeen, something like that—and really, it was only the general fund that the legislature had real tight control of. And they had too tight a control of that one, as I've indicated by the line-itemed [budget] and very little control over the earmarked ones.

Kerwin used to point this up to me. And then, of course, sitting in the controller's office, we saw practically everything that went on in the state of Nevada. You personally saw every check that passed over the desk when you were a deputy state controller, as I was later, and you could see where the money went, how it was spent. You even could see who was on what jobs, and it was like a small town, once you've worked around there for a while, and particularly in the controller's office., you knew everybody's business. You knew how much money they got, and everything else about them. It was much more political in those days than it is now, and there was a lot of small-time hanky-pank, so to speak. Relatives were given jobs. One state officer used the relative of another, and they in turn would use members of his family, and it was quite noticeable. I can remember wondering about a lot of these things and why the legislature didn't have more information than they did on a lot of the things that so many of us knew so well.

I guess it was shortly after I took over the job as deputy controller and I ran across a pamphlet that was a study of special fee funds, earmarked funds, in the state of Kansas. And it was put out by the Legislative Council of

the state of Kansas (but it was spelled c-o-u-n-c-i-l). What the structure was, I don't know, except that it was the Legislative Council of the state of Kansas. This was a remarkably good study of budgeting problems, some of the usual things that were wrong. And I can remember it impressed me so much because we were so close to things in Carson City that we could see every problem that existed in Carson City also existed in a bigger way in the state of Kansas, and this Legislative Council had just done an excellent job in probing out weaknesses in their budgeting procedure. And it was primarily a dissertation on the evils of earmarked funds.

I can remember going through that and underlining it, like I used to do with school texts, and I was tremendously impressed with it. I believe I wrote back and got some other publications of this council. And I kept [thinking] how we needed something like this in Nevada, because there was so much going on that the legislators just didn't know about at all. They were just remarkably—in my opinion—remarkably blind in those days. They relied on somebody to give them most of the information. And I found out, when I went and did the first state budget in 1945, and then, as I've recounted, sat with the finance committee of the senate, giving 'em the background on practically every finance bill, and the background of the budget, and these things, which, of course, in those days, I knew, because I'd worked with it in the controller's office, was completely familiar with it—. But I found out that at that time, they had to rely almost entirely on me (or whoever, prior to my time, had served in that job) for the information they got on the budget, the background of the appropriations and the bills, how the money was spent, and so forth. And you could see lots of weaknesses in those offices that you just couldn't expose, 'cause

it was a personal matter. And furthermore, I began to recognize that I was doing a governor's budget, and that I had to defend the governor's budget the way the governor finally approved it. And there was a lot of weaknesses in it. I saw a lot of loopholes in it. I saw a lot of things in there that the legislature should know about. But I couldn't volunteer it as coming from the governor's office because it sure wouldn't've made me popular with the governor. Re was the man that I was working for. And there was a number of small things that went on. I can recall a number of them that, now, would be very small, but in those days seemed to loom larger. sometimes jobs were created for somebody's relative, or through a request of some political person, and those jobs would go into these line items of the budget. And quite often, particularly in the old-time legislators, they sometimes could sense there was something a little fishy, or a little wrong, but they just didn't know how to dig it out.

I can remember in my own department, [H. E.] "Hap" Hazard, after he left the liquor division (he was a great friend of Governor Carville's), was put on down here in Las Vegas as a use fuel tax inspector, and, as such—theoretically, at least—came under my jurisdiction in the Tax Commission, although I was not the head of the department at that time, but I was, in effect, the executive administrative officer for the Tax Commission business in the old, consolidated offices. He presumably was working for me, and yet I knew that, basically, he was a political appointee, was doin' political work down there (he was an excellent politician, and Las Vegas was growing), and actually, did very little of the use fuel collections but was being kept on the payroll. And then he came up to the legislature, and I didn't know, at first, what the capacity was, but I was told that Hap

would be gone a while, and to keep him on the payroll. And we kept him on the payroll, and pretty soon, I found that he was up here lobbying for certain political interests (I never did know exactly who), and, of course, the governor, also.

Well, I knew that wasn't right, but here this job was line-itemed under the Tax Commission budget. And the governor called me in one day, and said, "You better take Hap off the payroll." I'd been fidgeting under it, 'cause I knew he was quite active up there, and was hangin' around the legislative hall. He didn't say anything more than that; he said, "You just better take Hap off the payroll."

And about that time—as I remember, it was Walter Cox, two or three days later, came storming down into the office, and says, "Is Hazard on your payroll down here in the Tax Commission?" He says, "He's up there lobbyin'."

And I said, "No, he was on our payroll, but we took him off."

Naturally, Walter didn't ask any more questions, and naturally, I didn't tell him we took him off three days ago, or five days ago, whatever it was. But I knew they had found out something about it. Evidently, Carville had got wind of it ahead of them.

This is just one example. I can remember various rumors floating around. And they would try to get at it, and the only person, really, that they had to work through was my job, the person doin' the governor's budget. They relied on me pretty heavily. And I could see, more and more, the necessity for the legislature having somebody of their own independently reporting to them. They just weren't getting the full picture of it.

Well, one day, we were sitting in the old finance meeting room, which, I think, was later Russ McDonald's office. I can remember sitting there, and the door was open. We had

gotten around to chatting about government generally, and we got to one particular budget. It was in the state Department of Health. And I knew some of the skeletons in the closet. There was a number of departments of the state [that] I knew a number of the skeletons in the closet—no, they weren't big, bad ones, but just typical of this nature, but the legislature should know. It so happened that the officer who testified to the committees, generally, was John Sullivan, Jr., who was director of the division of vital statistics, and at that time, a very close friend of mine. We used to have coffee together and lunch together, and we were very, very close. We exchanged information quite freely, and I actually knew more about the state Department of Health budget, probably, than I should have.

But I can remember them just edging around something that I knew they should know. They weren't getting it. This was my first year with them, but I'd gotten to know some of them quite well—Walter Cox, and Clarence Sommer, Dressler, Senator Dressler, and A. V. Tallman was—I don't think he was on the ways and means committee or on the finance committee (it was ways and means in those days)—I think Rene Lemaire was, and Herman Budelman, from Nye County. He was a very solid individual. I'd gotten to know them quite well. And I told 'em in this meeting very frankly, I said, "Gentlemen, there are a lot of questions that you can ask, but you can't ask them of me, because, after all, I am working for the administration." And a lot of these people, also, were personal friends of mine.

And they said, "Well, how do we get at these things?"

I can remember them asking this question about the department of health, and looked out the open door, and John was sitting with the door of his office open. And I said, "Well, the man there can tell you about it. Why

don't you call him in and ask him? You're asking questions about this health department budget."

So they did. And they asked John a lot of questions, and he answered 'em just like I answered Walter Cox when he asked me if Hazard was on the payroll any longer. John didn't give them any misinformation; he didn't tell 'em a lie. He just answered whatever they asked him, and nothing more, which most people learned to do, particularly in those days, when you're dealing with legislative committees. The biggest sin is when you start volunteering and start getting over your head. He gave a perfectly straight testimony.

And I sat there fidgeting and fidgeting, because I felt there was something that should be exposed, and finally, when he left, they turned around and said, "Well, now, you can see how far we got. We don't know any more now than we did then."

And I said, "Do you know why? Because you don't know the right questions to ask. And you need somebody to be able to ask these questions for you that's responsible to you, and not to anybody else. And," I said, "that's what you need."

And they said, "Well, what can we do about that?"

Well, then, all of a sudden—I don't know whether it had been building up in mind—I said, "Well, one of the best examples I know is the Legislative Council of Kansas," I said, "I think it's an outstanding—. And you need a legislative council." And I was still [using] the term of c-o-u-n-c-i-l. "You need people to ask your questions, to tell you the questions to ask, to look at it from your side. This is no reflection on any governor of the state, but he is part of the state administration, and he's looking at it from his end of it, and you are from a different point of the government, and you ought to know this.

I don't know that I saw anything ever catch on any faster than that one did. And they all started rallying around the subject, and saying, "That is what we're going to do, and we're going to do it right now. This is exactly what we need, and exactly what we have to have," and they started forming it, then said, "Can we get a bill drawn up on that?"

I said, "Sure. Get your bill drafter. And I can refer him to the state of Kansas as one I know. But he can draw a bill for this."

I remember that Fred Strosnider stuck his head in the door about that time, to ask some question, or something. He was chairman of the ways and means in the assembly. And they motioned him in, said, "Come on in, Fred. Sit down. We've got something we want to talk to you about. We've got a whale of an idea!"

So Fred sat and listened to it, and said, "That's great." And, "We'll go for it, I'm sure. Just send it over to our house. It sounds like a great idea." He says, "I think that's absolutely right. We've got to do something about it."

So the idea of the Legislative Council was born. I could see then, in Bill Dressler's mind, that he didn't have clear in his head the separation that I was trying to drive home between the executive branch of government and the legislative branch, that the legislative branch should have their own. Then they started talking about people that they might get to do it. And I could see, in Bill Dressler's mind, he wanted Governor Carville to tell them who to get, and this was just exactly the wrong tangent for it to go on.

By this time, it developed into a general bull session, as to how they might approach it, and how they might get—. I said, "You need to get somebody that is responsible to you." But I could see it bouncin' off of Senator Dressler. He kept comin' back to, "The governor, the governor." And yet, this was, of course, contrary to the idea. And this disturbed me

a little, 'cause I could see it goin' a little in the wrong direction.

The bill had no problem. The thing was drafted and passed through very easily. Then, the question—and this was going on before the legislative session was over—was, “Now, who is going to be in the Legislative Counsel?”

There was a man by the name of Frank Helmick, who was a reporter for the *Reno Evening Gazette*, a political reporter, and he was pretty well along in years in those days. But he had been around the state so long, he reported politics so long, he was shrewd, he also knew where most of the skeletons were. He had the newspaperman sense, but he didn't have the advantage of familiarity with state government, and how to dig out the things that he wanted. He was a candidate for the job, mentioned and supported by several.

And Art Suverkrup, who had run the Carson City *Appeal* for a while, and also had worked for United Press here in Nevada for a while, was another newspaperman, was very close to Governor Carville. And Governor Carville wanted Suverkrup. As I say, I could see this getting off into an involvement between the executive and legislative branch, which was not the intent of it, and concerned me. And as I remember, they finally compromised on the thing by making Frank Helmick legislative counsel and Art Suverkrup his assistant, or cocounsel. They got out of the dilemma of having two candidates by appointing both of them into the position, one to please the governor, and one, I guess, to please themselves.

And then, after Frank Helmick's death, Art Suverkrup went with Governor Pittman, I think, as his assistant, and was one of the early budget directors.

Jeff Springmeyer had been chief clerk of the assembly, and done a bang-up job as chief clerk. He knew the processes, the legislative

processes, probably better than any man that I knew of, of his time. And as I remember, Jeff worked with the Public Service Commission as an inspector, and a field man, but during the legislative session, would get a leave of absence and go and serve as chief clerk because his abilities were needed so much in that legislative session, and it was a nonpartisan job. It wasn't political in nature. So Jeff was named legislative counsel, and actually, in all *real* effect, Nevada's first legislative counsel, although he was not the first to hold that title. Speaking of Jeff Springmeyer brings me around to some observations on him. I knew him personally when he was with the Public Service Commission, and remember him and worked with him a little when he was chief clerk. But my real experience with him started when he became legislative counsel. I never knew a more sincere man, and a man who really had the welfare of the state of Nevada at heart. And, of course, working in the position he did, he saw so many things that were wrong, so many things that were behind the times, and he became immensely interested in government, became quite a student of government. And for many, many years, I used to visit with him a lot, I used to exchange ideas with him a lot, and I still do, even after he has retired from that position after serving in it for twenty or more years. I didn't always agree with him, but as I always said, one of the first things that you learn to look to, particularly in the experience that I have had in the government and with people, is if you can trust a person's motives, you can go a long ways from there. But if you can't trust his motives, no matter how much you like the person, or how much you might agree with him, there's always a reservation—or at least there always has been with me. That doesn't necessarily have anything to do with my personal feelings with people of this

kind, but people involved in politics and in government, and things that are connected with government, quite often are motivated by their own special interests, or by their own personal considerations, or their own personal interests. And this always kinda destroys their position with me a little.

I never knew Jeff to be really personally motivated. He was not a person to try to build a power structure by doing favors to his friends. He could see so many loopholes and shortcomings in the process of government (as many of the rest of us could that worked so close with it) and he was bound that he was going to correct it. And this was probably where I disagreed with him more than anything else, and I used to tell him about it, not with his ideas, so much, or what he attempted to do, but that he was very brash in starting anything new. He started a lot of new things, in government, or for the first time put them together. He was very brash in starting in and getting in over his head, I thought. And I used to tell him, "Jeff, you throw everything but the kitchen sink in there before you really know what you've got ahold of. And you've got so many loopholes—" Back to the old theory that John Robbins used to preach to me, when I had the insurance act, is that so many of these things, the first time they're drafted, they have so many bugs and so many holes in em that you've got to look at 'em a little while. And, of course, Nevada had looked at 'em too long, and I recognized the basic argument, that that was our problem, that if you don't get started, you never get anything done.

Jeff may have been more right than I was. I was more of a temperament to start on a smaller basis, and then expand from there, and be a little sure of your steps. And Jeff never did that. He just sat down and drafted bills, and chunked everything in there. Many of the things that he worked on were the

state purchasing agency; while others ended up with maybe doing the job, the personnel system was one of his early interests, and he saw the necessity for it. He made a lot of corrections in the boards and commissions in government as fast as he could, and he didn't hesitate to work for his own ideas with the legislators, and, of course, was close enough to 'em that he could get their ear. And [shaking head] I can remember bill after bill that he would plunge into, starting a new area, or a new department.

He was one of the first to come up with the subject I've touched on earlier, and that is the old lay boards and commissions and civilian boards of ex officio offices that Nevada had, and in those days, the place was full of 'em. He saw the need for more professionalism in government, separating these things. He worked on government finance, and on bonding laws, and he was tireless in his efforts. He just kept pushing. No job was too big for him. And naturally, when he drew some of these acts, the original state purchasing act, for instance, a long act, he had to copy them from other states. Sometimes some errors were made in copying. And we used to argue about it. I used to tell him, "Jeff, why don't you just go a little slower and cover the subject, but just don't throw everything but the kitchen sink in there.

And he used to say, "Ol' boy, this is the only way we're gonna get started." He says, "Put it in, and then," he says, "in subsequent years, we'll weed it out." So we were working for the same idea, but just backwards. And he just says, "Throw it in! Get it in! That's the point!" And I think probably he was more right than I was. I'm sure he was right politically, 'cause he says, "We can take it out. We've got stuff that's bad. Sure, we're going to have things that are bad in there. But we'll weed 'em out as we go along."

And I think, starting with 1947, Jeff had the idea. He saw the basic purpose of the legislative counsel, and he saw the basic purpose of division of branches of government, that they each needed their own. I don't think any governor, or any administration, ever swayed him too much, because he was looking out for what he thought was the peoples' interest and the legislative interest in these things. He made, I think, a lot of enemies on the way, too, because he sometimes was a little ruthless when he had what he knew was a good idea. And I guess, like all of us, he made a lot of mistakes, and he admits them. But nevertheless, he carried out the function of the legislative counsel in the way that it was intended when it first came up as the germ of an idea in that committee meeting, even though I thought for a while (for a period of a couple of years), it had gotten sidetracked a little. But he got it back into focus. Later, I had some disagreements with him in his capacity as legislative counsel, particularly when the legislative auditing bureau came in. I'm not the only one who'd ever had any disagreements with that section of the counsel bureau.

Jeff was a researcher. And I think the library, yet, is full of research that he collected, and research that he did, himself. Every time he felt there was a need for something, Jeff would do a research study on it. He did an early research on the sales tax. Anything that he thought was important, why, you can find pamphlets and researching that he did that he turned over to the legislature. And I think it was a very fortunate thing for the state of Nevada when they got him and kept him for so long as they did.

The days that Jeff and I first started, we didn't have too much competition in our own fields. We were about the only ones around that really knew a lot about those

things. So we, if for no other reason than by default, we were experts, [laughing] because there wasn't anybody around to challenge our position. And that isn't true today. There are so many people around in government that are so much more knowledgeable, and some have it as a career, than there were in the days when there was just a few of us that really took an interest in government, and were considered authorities on it. I couldn't begin to keep up with the things today that I kept up with once, and knew every facet of, and Jeff, I'm sure, is in the same position. I'm sure that Russ McDonald filled a place that was beyond Jeff's scope, and, to some degree, changed the directions of it to more on a legal basis.

As I have just said, Jeff was a very positive person, and he was a crusader. If he had these ideas, he was going to get 'em over, and he used any method he could to get them over. And I'm sure, in the process, as I've also pointed out, he didn't build a personal empire of friends and people that he'd done favors for. He was out workin' tooth and nail for the state of Nevada. And so I'm sure he made a number of enemies on the way up. Jeff didn't hesitate to attain his purpose. He didn't worry too much about hurt feelings along the way. He was in no way a mean person, or anything of that nature, but he knew what he had to accomplish, and he didn't let anything stand in his way. And if it meant hurting some feelings, or stepping on some toes, he'd do it. So I'm sure, after a period of time, that the legislators, themselves, may have considered him a little autocratic, and, of course, fixed on his ideas.

Then the legislature took a different turn, also, in the legal end of it. That was handled by Russ McDonald, who, of course, later became legislative counsel. Russ is one of the most brilliant people that I have ever known—is a scholar, and a marvelous lawyer. He's had

a marvelous training in law as well as liberal arts, a Rhodes scholar from Oxford. I don't think I ever knew a man as brilliant as Russ in so many ways. And neither have I known a man that had [such] a contempt for ignorance or stupidity; and his own marvelous mind and brilliance, of course, points that up all the more. Russ had done, as I remember, the first big job of the revised statutes, and worked as bill drafter and did the statute revision. They created the Statute Revision Commission for him, and he did a marvelous job on it. So Russ became more and more important to the legislature.

The bill drafter is a key position, and, of course, in his capacity in the Statute Revision Commission, he acted as bill drafter for both houses. In the old days, they used to have a bill drafter for the senate and a bill drafter for the assembly that was picked for political reasons, or personal reasons, from a list of any lawyers that happened to be available for it, and generally, the ones available were not the busiest or the most qualified, trained in it. Nobody could ever question Russ's qualifications. And he became so important in the legislature that there was a period of time that the legislature just couldn't operate without him. He was a man that worked constantly, and thought nothing of staying up twenty-four hours at a time. He worked intensely when he'd get involved in something like that, but he'd get responsibilities piled on him pretty heavy. And, of course, between the legislature and a lot of the people who become involved with the legislature, in one capacity or another, I think there is a generous share, relative share, of ignorance and stupidity to put up with, and was more so in those days than it is now. I can only mention how hard this was on Russ, because it just kept bearing down on him. He would get to the end of the session, the session would get to

overtime, and several sessions—at least two or three that I can remember—when things got tense, almost to the snapping point, and everything revolved around the work of the bill drafter, who, of course, has to tie in all the amendments—. And prior to Russ's time, I don't know of anybody that controlled it as he did. He knew every amendment that went in. Quite often, you get a number of amendments to the same section of a bill, and separate bills, and unless somebody coordinates and is on top of it, why, a lot of damage can result. And Russ always had complete control of that. I never knew of any serious mistakes or anything like that that came up during the time he did the bill drafting.

So, consequently, they just couldn't operate without him, particularly at the end of the session. Once in a while, when things got real tense and Russ had decided he had enough of it, why, he'd go off on his own and celebrate for a while in his own way, and [laughing] the legislature would stop completely. And he was quite outspoken. He never hesitated to define an idiot, or a moron, or—. One of his general references to the legislators—I've heard him make it in speeches out after the legislative session—was referring to 'em as donkeys, or ignorant donkeys [laughing]. He just had a complete contempt for anything that represented stupidity, or to a lesser degree, ignorance. But stupidity was the one thing the man couldn't take. So the legislators would have to go out, find him, and pacify him, mollify him, and coax him to come back [laughing], and then the legislative session'd start again. Of course, that was a few years back, when things were a little different than they are now, but it was pretty indicative of the man.

Jeff was primarily a researcher, a student of government, and he'd done an excellent

job in the handling and processing of bills, and had instigated and perfected a system of handling the bills from the time of introduction to their enrollment, that, I think, is outstanding most anywhere in the country. But his relative importance had declined. The days when he was the only expert in the field were gone. So Jeff became relegated to the research department, and Russ was named as legislative counsel.

I'm an admirer of both men, and always have been. I think maybe it's like many things that happen, and like many things I've related. It's a product of the times. Times changed. Jeff served his purpose in the many, many years that he'd put in, and he left his stamp all over the place, and did what, at that time, was indispensable work. Later on, as statutes became more involved, and the legal end of it became far more involved, I think Russ was the man for his time, and I'm sure that he did an excellent job with it. But the job that he did, to me, never detracted in any way from the contributions that Jeff Springmeyer made in his many years in government, and is still making in a private capacity.

I could say, because I feel so strongly and deeply about the man, and I'm such an admirer of him, that I could say, of course, he had some drawbacks. And one of Jeff's drawbacks— and I think he's been told this himself; I would not hesitate to tell him—that Jeff is the kind of a person that if you ask him what time it was, he'd tell you how to build a watch. And he was a little this way with government. You just give him the start, and he'd built up government from the very beginning, but it was a darn good job. In other words, he knew how to build a watch. And maybe you got a little more answers than you asked for, but you never went away the worse for any of the dissertations he gave you, if you took any pains in listening to him.

And now that Russ had departed, I'm sure there are other men will come in their way to fill his shoes, but I think it's going to be a long time before the state of Nevada sees any one individual as capable in their way as either one of 'em, because I think they both were terrific men for their time, and did a tremendous job.

Going back to the Young Democrats of Nevada, which I think I pointed out previously, were just beginning to function, they were very, very active in Governor Carville's election. The group, as I think I have pointed out, was split. It followed the usual split of those times in the Democratic party, between the Pittman and the McCarran factions, and there just wasn't much middle ground. And this was the same way with the seniors; you were either identified with one or the other, and this carried over into most every political situation. It, of course, was that faction that was associated as McCarran people, in the Young Democrats, that supported Carville so vigorously. I think, as I pointed out, I just automatically fell into that classification about that time, simply because most of my friends and the people that I worked with were in the group. And I was just automatically dubbed as a McCarran man, where actually, I didn't have those strong feelings on it to that extent. I was a great admirer of Key Pittman and many of Key Pittman's people. Henry Schmidt was classified as a Pittman man. He'd always been associated with Key in the Tonopah and Goldfield days, and was very active in that particular group.

I think it was really one of the first elections that these younger people took a vigorous part, and I can remember the group—Dixie Richards, Art Revert, Berkeley Bunker from the south, Raby Newton—oh, the list goes on and on—Tommy Craven, Billy Maher—all of this group really got out and pounded the

bushes, so to speak, for Governor Carville. And I think that Governor Carville always credited them with a very major part in his election and in the success of his campaign. They were good, sincere workers for him.

That particular primary was basically between Harley [A.] Harmon, Sr., from Las Vegas, and Governor Carville. And the party was—if you can generalize—was split into the factions again. The McCarran faction supported Carville, and the Pittman faction supported Harley Harmon. There was another factor injected into that election that was still a little new, at least to Nevada, and that was the religious factor. Carville was a Catholic, and quite active in the Catholic church. Harley Harmon—frankly, I don't know what his affiliation was. I doubt that it was Catholic; I'm sure it wasn't. But Harley Harmon undoubtedly just fell into the other category, at least, and this became a part of this particular campaign, whether the candidates wanted it or not. Now, I'm sure neither candidate wanted to see this injected. But as quite often happens in a thing like this, it becomes injected in a part of the campaign whether they want it to or not. And it began to surface more and more in the later days of the campaign. As I remember, at that time, there was little to choose between them, as a matter of who was going to be elected. It was very, very close, and nobody was confidently predicting the outcome.

My feeling, from where I stood, in Sparks and running a garage on the street corner and listening to the pros and cons that went on, and from my activity in the Young Democrats, my feeling at that particular time was that Harmon was at least running even. And I believe that this feeling was quite generally shared, that it was a nip and tuck race.

Right at the end of the race, a letter was sent out to a number of people. I never saw

it, but I certainly saw the repercussions of it. It was an attack on Carville and his affiliation with the Catholic church, and an attack on the governor, as a Catholic, running the state of Nevada, and the usual bigoted issues that would come up. From what I heard, this letter was very bigoted—in fact, so much that it reacted the wrong way for the people who sent it out, who were trying to support Harley Harmon. I am sure that Harley Harmon would've had no part of it, and probably didn't even know of its existence until it was too late. But it did react unfavorably. A lot of people who had been on the fence, as a result of what they termed [this] out and out bigotry, did swing to voting for Carville. My opinion of it is that it was quite an important factor, and one of those underground things that started late in the campaign. And I think it was one of the major things that swung the election to Carville at that time. I think this happened just in the last two or three days. It was a typical underground campaign.

This carried over, I guess, into state government as long as Key Pittman and Pat McCarran were serving together in the Senate. And I'm sure it sometimes was overreaction, and people were quick to attribute it to one faction or the other that probably was never intended that way.

I think what was termed the “bipartisan machine” in those days, the days of Wingfield and Thatcher and Woodburn in the Democratic party, and that group—I think what support there was in the Democratic party from that group, of course, originally lay with Key Pittman. And McCarran was in the position of having to overcome it, which he did do as time went on—at least he made a lot of progress. But it caused a lot of bitterness within the Democratic party for many years, and issues developed that really shouldn't have ever developed. It was carried over into the

precinct campaigns. There were some bitter enmities resulted from precinct campaigns in which the McCarran group, as the newcomers (to power, at least) were fighting to get precinct control in the Democratic party. And it brought some bitterness that lasted a long, long time afterwards.

As Governor Carville's session went on, this group of young people—relatively young people, at least—that supported him were quite important in his administration. As an example of the credit that he gave to these young people, you could follow this in his appointments, and, of course, notably his appointment of Berkeley Bunker as United States Senator when Key Pittman died. This was a real shocker.

Of course, there's more to the story than that. Most of the old so-called wheel horses of the Democratic party were actively campaigning to get the appointment to the Senate, which was Carville's appointment. And as I remember, many of the old-timers were named as candidates, and speculation was going on as to which of them would receive the appointment. In those days, nobody ever really thought of a relatively young person getting a plum of this kind. I think it was a complete shocker when the headlines screamed out that Berkeley Bunker was appointed as United States Senator by Governor Carville. Of course, this carried over in later years, into the bitterness that later developed between Bunker and Carville over this appointment.

It was well known that Carville aspired to the federal judgeship. And I think there was no question that Carville appointed Bunker as United States Senator, counting on his support for the federal judgeship if a vacancy did come up. As I remember, Judge [Frank H.] Norcross was very elderly, but being a lifetime appointment, there was no vacancy until he

resigned, and there was speculation for a number of years as to when he would resign. And the maneuvering was going on inside of the party all during that time for a prime position in case the judge should resign. As I remember, he kept 'em waiting quite a while before he finally did resign. It never came up during the time that Governor Carville was interested in it, or when Berkeley Bunker was in the Senate.

But I don't think there was any question that this was the basic reason for Bunker's appointment, but there were other reasons, and I think Governor Carville was giving consideration to the influence of the younger men who were just starting to get interested in politics. Berkeley Bunker was a very active and very fine representative. He was speaker of the assembly that year, in 1939, and had done an excellent job, and I think the public was beginning to realize that these younger people did have something to offer in the political structure of the state as public employees and public officers. I think this was really the start of this trend to younger people. At least, they were beginning to be recognized. [About the operations of the bipartisan machine, and the way it was taken over by McCarran], of course, McCarran was rapidly advancing in power, nationally and in the state, but this issue of the Pittman-McCarran factions hung on until Key Pittman's death. But by this time, I think McCarran had gotten to a point where he was strong, and probably just as strong, or possibly stronger than Pittman in the general support. It was developing fast, and he made inroads into the bipartisan machine, I'm sure. But, of course, on Pittman's death, there was no longer any question. Pat McCarran was in ascendancy, and he stayed there. I don't remember the issue carrying over after Key died. It was just—there was nobody to inherit his place,

there was nobody with his influence, and power, and seniority in the state. Of course, Bunker was considered a McCarran man, and, of course, his appointment to the Senate, to the people on the outside who were following this, looked like the final act of putting the McCarran machine, so to speak, into power. And from that time on, it was a different situation.

I was never too actively exposed to the old bipartisan machine because I can only remember it as a college student, when the power of it was indicated in the Scrugham-Balzar campaign. And, of course, as an onlooker, and listening to the discussions that went on at that time, no one in the state of Nevada, if appeared, even knew who Fred Balzar was. He was a sheriff in a little, obscure place at that time in Nevada called Mineral County, in the city of Hawthorne, which, in those days, was a long ways away. He'd been a conductor on the railroad, and he was sheriff of Mineral County. And Scrugham was probably the best known public figure in the state of Nevada. He was an ex-University professor, carried a tremendous power, and, of course, was the governor of the state at the time, up for reelection.

This happened about the time when the powers in office were beginning to be toppled all over the country, and it was a part of that general trend. But to my knowledge, I don't think we ever saw any indication of the bipartisan machine and the power of George Wingfield in that particular machine [more] than we did at that time, because Wingfield and this group supported Balzar, and it was considered almost laughable. Governor Scrugham, as I remember, didn't even bother to campaign too much. As a matter of fact, some of the people who were closer to him told me afterwards he went down to Los Angeles on vacation and rested while the

campaign was going because nobody thought it was necessary. And it was just considered a complete walkaway. And I don't think I ever, before or since, ever saw the people in the state [so] completely stunned as they were when they woke up when the results were in, and they found that Fred Balzar had been elected governor of the state of Nevada and had defeated a person as popular as Jim Scrugham was.

I have heard the story—I can only repeat it as a story that was being told—that Balzar, himself, made the remark that, “I know that thousands of people in the state of Nevada were completely stunned when they found out that Fred Balzar was elected governor of the state of Nevada, but I can guarantee you that the person who was stunned and surprised the most was Fred Balzar.” I think, largely, this was true. I think he was a candidate that was put up. He turned out to be, I believe, a very good governor. But he was a candidate that was put up by this group, and supported by them, and all of a sudden, the people just woke up and found he'd been elected, and nobody really expected it.

I think that Scrugham suffered some from the aftermaths of what was called the Malley-Cole incident because, of course, Scrugham was governor at the time this thing broke. And it was discovered that Ed Malley, as state treasurer, and George Cole had absconded with a considerable amount of money. It caused a special session of the state legislature. And I was told by old-timers that they had suspicion this was a long time developing, that they had suspicion that this had been going on for a long time. And, of course, they were both Democrats, and it hurt the Democrat party. But they had no proof of it.

I think, in those days, they just didn't know how to get the proof. I don't think that would happen today. I think that there's

enough knowledgeable people that would immediately ferret something like that out. But Ed Mulcahy told me that they suspected something was going on, but nobody just could put their fingers on it. George Hussman, from the other side, who was a Republican, told me the same thing. He said they just were sure that there was something going on, but they couldn't put their finger on it as to why.

I found out later, after I got into the controller's office, how this was—basically, how this was done. The state treasurer is subject to a money count once a month. But things were much looser in those days, and I think the facts developed that there were only relatively few [money counts] done during that four-year time. And they were in collaboration with the cashier of the Carson bank, which carried all of the state's money. The bank would show on their records a cashier's check for a very small amount of money, just a few dollars. And then he would issue a cashier's check for money that ran into the hundreds of thousands. I don't know what it started with. It may have started with \$100,000. And they would carry this cashier's check as cash, and whenever there was a money count, they would count as cash. Nobody went any farther than that. And the amount of the deficiency kept going up. I can't remember specifically what it was. I know it was over a half million dollars, between a half million and a million dollars. And then, later on, they had to supplant that with larger checks, and then I think there was—I believe three checks sitting in the treasurer's office that was counted as cash. And they just accepted it as a cashier's check from the Carson bank, and nobody ever questioned it in all this period of time, until—. I don't know—I was told what broke it—something brought it out and got somebody's suspicion, and they started running these checks down,

and found out that they were only carried for a few dollars on the bank's books, and, of course, the thing came out.

And one of the other developments of that was that the surety company that held the bond of these people, the state bond, was George Wingfield's company, primarily controlled by him, and, of course, this broke the surety company. I don't think the state was ever—well, I *know* they weren't. They weren't reimbursed for the amount because the surety company couldn't pay it, although they supposedly were bonded, and it ended up by the state paying it.

The Republicans saw to it that this was carried on the tax bill. They made a special levy of a few cents every legislative session to replace this money. I can't remember what it was, but it was always labeled "Malley-Cole deficiency: two cents," or whatever it was. And the last time that that was levied was in the '39 session when I was on the ways and means committee. It was the last of the amount to be redeemed.

I think that did, specifically, two things in state procedures. It brought the state surety bond and trust fund, in which they decided no longer would they just leave it up to someone to see that these offices were bonded; they created the state surety bond and trust fund, which still exists, in which the state carried its own insurance. But they at least had some assurance that in the case of another loss that they wouldn't find that [the] policy had been placed with a defunct company, and that it was controlled by someone who was vitally interested in state politics. The other thing was that it changed the procedure of money count. From that time on, the

They'd covered some of the loopholes. Kerwin Foley always maintained that all they did was substitute—the people who could be in collusion in anything of this kind (and the

original money count law made it possible for the state controller and state treasurer, by collusion, to do it) and merely switched the—according to Kerwin’s analysis—switched it to the state auditor and one of the other officers that was a key officer. He said they just switched persons, and it still could be done by collusion. Now, they probably corrected that in later years, but I know they’ve never had any trouble since. I’m sure with a money count coming up every month, and the way that they did it, there was never any question as to this thing ever happening again.

But this carried over as a political issue. As I say, the Republicans used it. And I think this was a part of the campaign that was used against Scrugham. I think it was done—an awful lot of things that way were done in those days underground. It was never—in my memory—it was never so much of a public issue as they’d start rumors, and they’d start the underground rumor mill going, and I think this did have effect. Scrugham’s overconfidence was another thing. Of course, that was shared by most of the people in the state of Nevada. And I think it was a long time before a candidate for a major office ever considered the matter a foregone conclusion. That had taught ’em a lesson. Probably the next one to undo that situation, of course, was Tom Mechling.

THE NEVADA STATE TAX COMMISSION, 1945-1963

The composition of the Tax Commission, when I went in there, was quite similar to the way it was up to three or four years ago. And it, of course, was designed to handle the tax affairs of the state, and the revenue, and those things that were involved. It was set up for that purposed, and never, of course, had anything like the administration of gaming in mind. You have five commissioners, plus the chairman of the Public Service Commission, who was an ex officio member, and the governor, who was chairman. Each county could only be represented once on the board. You could not have two commissioners from the same county. Only a majority could be of the same political affiliation. One had to have actual experience in [each of] the five basic industries of the state. One had to come from mining; one had to come from banking; one from land values (which really meant a rancher— it was always interpreted that way), it would be any rancher or a person who was interested in developing land and making a living off of it; and one representing livestock; and one commissioner from business, in

general—this was just a general term, a businessman.

It was indicative of the general setup of Nevada government. Many of these important things, for a long, long time, that had been handled by professional boards, or professional offices, were handled on an a officio basis here, and it was a part of a small state and small government. These men were prominent people: That [was] supposed to take them out of the sphere of politics, and they were to ride herd on the tax affairs of the state. And they, of course, sat as the state Board of Equalization, and many of the other functions they still have.

Henry [N.] Rives was commissioner of mining. He was a director of the Nevada Mine Operators Association, which is still in existence today; at that time, I think, composed of his office and the secretary. He, as the other commissioners and many others were reminded many, many times, was the senior member of the commission. He'd been on it for many, many years, and, of course, represented it from the day when mining was

the basic industry of the state. In other words, in the earlier days, mining and livestock were the two big businesses in the state, two basic industries. And the Tax Commission was pretty much geared to this.

Howard Doyle was livestock commissioner, one of the finest men I ever knew, although there's lot of them in my experience with the commission. F. O. Stickney was the banking member, and also a rancher in Yerington. Mr. Stickney was a very fine man, but he was quite elderly and almost infirm, very quiet, had been on the commission for some time, but had been on it in the days when nothing too controversial other than the usual tax matters had come up.

The land member was D. W. Park of Yerington, a rancher in Yerington, a very fine man and an old, old citizen of Nevada and Douglas County, a highly respected man.

The business representative was a man named J. C. Manix from Boulder City. He ran a store in Boulder City. He was new. He was appointed about the same time that I came there. I think a man by the name of [J. W.] Woodard from Las Vegas had been on, but I never knew him, or never attended a meeting in which he participated.

The first years of gaming, of course, as I've recounted, the first two years, had nothing very important in them, no controversial issues or anything else. We were beginning to administratively follow and license gambling, and the commissioners, of course, were interested in it, but they had no real part in it. It wasn't much of an issue the first two years. Henry Rives was a very dominating man. He was a large man, fat and large, and obviously had the problems of overweight that I think sometimes caused some irascibility. He really was a very liable person in many ways. He felt his position very keenly, and he'd been on it a long time, and he always reminded

everybody that he was the senior member of this commission. And Henry was used to the old ways. He was firmly of the viewpoint that he was the mining expert on the commission, and that he dictated all the answers to mining, and if something came up regarding livestock, the livestock man gave the answers. Of course, we had, actually, three ranchers on that commission. It was pretty well represented because Mr. Stickney also was a rancher. He'd been in the banking business.

In my opinion, I had a little rough indoctrination. This was exactly the way it *shouldn't* work. It seemed to me that decisions should be made as a body, and from their knowledge, but not somebody representing an industry and passing the decisions. And this question, to some degree, still remains on the Tax Commission, even though it's changed somewhat in form. It depends a little on the individuals, I guess. Are these groups represented to look after their own interests and not be concerned about anything else, or is it a full public board? I'm sure some of the members felt that it was. I know Howard Doyle was an excellent man, a wealthy man, and, of course, was in the ranching business, but primarily as a hobby. It wasn't his profession as a young man. Henry always forcibly maintained that, as I say, that all of the answers should be brought in this way: he would recommend what would be done in their cases. I'm sure some of the members didn't agree with that.

I had very little experience with Governor Carville, because my main experience with Carville was in the budget capacity. But he was an old-timer. He was used to politics in the old way. There was just never too much at issue, so I don't remember too much other than the budgets and the general state policy of that nature, of Carville getting into the affairs of the commission. At that time, until gaming

came in, they might meet four or five times a year, or whenever an occasion demanded. I know they didn't meet very often. Most of it was handled administratively in the office. The bank examiner was ex officio state auditor and a officio secretary of the Tax Commission. But as I explained previously, the offices, while they were under the same roof, were handled separately. The title that I had originally, as chief clerk of the Tax Commission, did handle the administrative affairs of the commission.

I could see the development of personalities on the commission. I could see that Henry Rives was a very strong willed person, and was used to pretty much dictating things as he thought they ought to be, and that was it. Of course, he was, as a member of the Nevada Mine Operators Association, responsible to his employers. But he definitely was the dominating member, and reminded you of his experience in the years that he'd had on the commission, and he was definitely politically-minded.

When gaming came in, we would find there was very, very many issues [starting] to develop, particularly after the first two years. Henry then reverted to the theory that gaming was not anybody's particular business, so therefore, it should be a matter of county. In other words, he would give his opinion on anything in Washoe County, and he expected everybody else to go along with him on it. The gentleman from Lyon County, he would defer to him on any decisions in Lyon County; and the man from Clark County, he would defer to them in Clark. Of course, he didn't say what was to happen to the other twelve counties that weren't represented by commissioners, although Washoe, Clark, Douglas, and Lyon in those days were the most important counties. I guess he would figure that that was a matter for the whole commission, but, of course, he, as senior member, was quite active in it.

I, of course, couldn't see things that way, and I was beginning to see that Henry was subject to being influenced to the extent that there was a lot of people that were talking to him, and putting their interests in, in this gaming business, and were approaching him. We always rubbed. If I came up and read an investigation, or an analysis of a case, if it didn't happen to fit his ideas, he'd castigate me pretty strongly. (Governor Pittman knew what was going on. By the time we got into gaming, Governor Pittman was in there.) But he got quite vocal, and got so he castigated other members if things didn't go his way. But it was kind of the old schools, and we were getting out of the old school way of doing things, the old political party tie, or friendship, connections. And so, there were numerous rubs.

The composition of the Tax Commission changed when Charlie Russell defeated Pittman. Bill Moore left the commission, as he was an appointee of Pittman's, and quite close to Pittman's administration, and Paul McDermott who was a young insurance man with Cragin and Pike at that time, associated with Ernie Cragin, was appointed to till the business category. Gordon Lathrop, a banker from Ely, a very fine man, was appointed in Mr. Stickney's place. Henry Rives did not leave with the change of administration, but Henry passed away somewhere in that period, and Walter Larsh, who had been general manager of Kennecott at Ely became the mining commissioner. Bob Allen was appointed chairman of the Public Service Commission by Governor Russell, and thereby became ex officio member of the Tax Commission. The livestock appointment was Norman Brown, who had served in the Pittman administration. (I don't know whether I've covered it previously on the tape. Mr. Stickney was a very sick man in his later

years, and Gordon Lathrop came in under Pittman's administration. Norman Brown was appointed right at the end of Pittman's administration.) Now, Wallace Park stayed on the commission; he'd been on it for a number of years as the land representative.

Governor Pittman had let a lot of his appointments lapse, so to speak. I guess the provision still is that the person appointed, even for a fixed term, serves until his successor is duly qualified and confirmed or appointed. So in many of these cases, the appointment had run out, and Governor Pittman had never reappointed. He just let it run. I think perhaps he felt that it might make some waves, or cause some controversy if the appointment came up, so he preferred to just let them go.

After his defeat in the November election, he started to fill his appointments by officially appointing then, I'm sure to insure as many Democrats as possible. Governor Russell got an opinion (I think it was from Jack Ross, who had been serving as his personal attorney), that they were invalid appointments that Governor Pittman made at the last moment, almost, in December, and that the governor did not have to honor the appointments, but could make them on his own. Even though had Governor Pittman appointed as their term expired, they would have carried over into the next administration, which is the intent of the Tax Commission law.

Norman Brown was appointed right at the end, at this time. I can remember Alice Maher calling me and asking me if I had any suggestions, that Governor Pittman wanted to fill the livestock vacancy, and we needed a Democrat to keep the balance in the commission, and asked me if I knew any livestock people that I thought would serve. I just had been personally acquainted with Norman Brown, was a great admirer of his, as I am now, and I knew that he'd been president

of the Nevada Livestock Association, and was very interested in the livestock business, a very intelligent man, and a man that liked public service. So I suggested his name to Governor Pittman, and a little to my surprise, saw in the paper where he was appointed. And this was right on the end of December. So Lathrop and Brown carried over as a result of these appointments. I guess Tony Lathrop was appointed to fill Mr. Stickney's unexpired term, and had been with the commission for a year or two at that point.

Well, anyway, Governor Russell got this opinion, and he, in my recollection, did invalidate some appointments and make appointments of his own. But in this instance—and it was always the case with the Tax Commission—the appointees, with very little exception in all of the time I was ever associated with them, were fine men. They were men you couldn't be critical of personally, or anything else. They were just men that it was just very hard to take exception to. So Governor Russell, with his own appointment, reappointed Lathrop and Brown to the commission.

So then we had Lathrop, Brown, Wallace Park, I'm sure Henry Rives had not passed away at that time, and Bill Newman came into the picture later, after Henry Rives's death. But basically, that was the composition of the commission during most of Russell's administration. It was a good commission, it was a commission with a lot of balance in it. I mean, we had people who were very aggressive people, and balanced each other a little bit.

Bob Allen, of course, is well known to Nevadans, and could be the subject of a book, himself. Bob was a controversial, stormy character, a fine man, a man who had definite opinions on 'most everything. If he didn't. have an opinion, and it appeared like

the subject was going to go without a good argument, why, he'd take a stand, because he loved an argument, he seemed to enjoy controversy. I've known a few people like that in my life. Henry Schmidt was one quite a bit like it—they began to get bored, and they'd just start sirrin' things up. Bob, in many years as state engineer and highway engineer, had hosts of friends and hosts of enemies. And there wasn't very many people in between. He, in my opinion, was as honest as they came, somewhat opinionated, but he basically was a fair man, and, I think, an excellent public official.

Paul McDermott was and is a wonderful friend of mine, a very aggressive person. Paul and I didn't see eye to eye, particularly when he first came with the commission, but throughout the years, we maintain not only a natural respect, but practically a mutual affection for each other that grew as our association grew. Paul was quite young, relatively, at the time. He was very much the youngest man on the commission. I don't know, I'd say he was a man in his thirties at that time, maybe early or middle thirties. I think he was a little sensitive of that, and made up a little in aggressiveness for what the others had in experience and age. We used to get into some violent arguments in the Tax Commission. We're both a little bit volatile and tend to raise our voices in an argument, and I'm sure we were kind of a paradox—at least our actions were—to the other members of the commission, when we used to get into some pretty vigorous arguments, and at the end, would link our arms and go have a drink at the bar and start to visit, and perfect our personal relationship. We respected each other's opinions.

Las Vegas was still developing, and there were many, many problems, probably more during the Russell administration than at any

other period. It was starting to grow. Paul felt, as Las Vegas representative, that he had a duty to keep in the middle of it, and he did. He was a little sensitive to the old, old charge that had been building up (and I think I covered that in other instances) of, the word had gotten around that the Tax Commission, to go to the extreme example, were mere puppets and that I was running the commission, and they did as I said. Some of this built from the old Thunderbird case,* when Loomis purposely built this. Then this argument was also used to my detriment, because people who were very much opposed to me, or I to them, and felt that I stood in their way, used that argument with the commissioners to try to break me down a little bit with them. I don't think they were completely successful, although I'm sure that they were susceptible. They would be susceptible to an argument of this kind; I think most anybody would in that position.

Paul admitted later that he was particularly susceptible to that in the early days of our association. He felt—and as I have found since, with a great deal of merit—that you almost had to live in Las Vegas to understand it. I thought I knew Las Vegas because I was so closely associated with it, and it took me a long time to find out that that wasn't entirely correct, because I never really understood Las Vegas until I came down here and spent some time as county administrator and got to know the community. I've said many times since, I really never understood Las Vegas until I lived in it, and became a part of it. And that was Paul's argument, I remember.

My problem, on the other hand, was the problem that has always existed in Nevada, particularly in the time of so-called ex officio boards, and ex officio officers. Our

*See Chapter 7

government was loaded with them when I first came, because the idea that professional people, or people who worked in the jobs, were more or less political hacks, so to speak, were appointed not because of their ability, but because of their political pull. And to a degree, that was true in the old days. And consequently, the legislatures, the old legislatures, never wanted to create new offices, or new bureaus. So whenever there became a necessity for another department, they would make it an ex officio to an existing department, figuring in that way, that they had beaten down bureaucratic tendencies. I don't think it worked exactly that way. The secretary of state was ex officio motor vehicle commissioner; the state controller was ex officio insurance commissioner; the bank examiner was ex officio state auditor, ex officio secretary of the Tax Commission. I don't think they really reasoned it down far enough to realize that, true, they had not created another department in name, or another officer to battle in the legislature, but within the departments, they had to grow to take care of the duties they had.

The motor vehicle commissioner (secretary of state as motor vehicle commissioner) had a bigger office, employed a lot more people, had a great deal more patronage as motor vehicle commissioner than he did as secretary of state. And instead of having a secretary of state and a motor vehicle commissioner in the legislature to lobby for funds, and so forth, it was just done by one man. But the division was there. And on the other hand, I think it was a little of a handicap in itself.

We have outgrown that a little. This was always quite an argument of Jeff Springmeyer's, that citizens' boards, so to speak, or lay boards, should be gradually phased out, even though they do have a balancing effect. But I think we found out in years since that

government is, and should be, a profession, and it's a professional job, and can better be handled by people who live with it from day to day. Particularly in this gaming portion of it, I always felt that a commissioner really didn't have the feel of it. And a lot of 'em admitted it. Norman Brown, for instance, used to say to me, when I'd tell him about the problems we were having, and the troubles we were having, and trying to explain to him—and I know I've covered this before in my earlier history—that when things went wrong, or when people started coming with their complaints and gripes, that they always came to the person who was working with it on a day-to-day basis, constantly. They knew where to find me, they knew where to go, and I lived with it every day. And as Norman used to say, "If they come looking for me, I can retreat into the south forty, and they'll never find me. And," he says, "I don't really want to talk to 'em because—." By the time we got gaming, the commission had to meet pretty regularly, once a month. But it was a matter of working twenty-nine days at their own business, and one day for the state, and they just can't follow it that much. I can testify to that today, because in all the years that I was on the Tax Commission as its administrative chief officer, I now serve on the Tax Commission as a commissioner, and I'm in the same position. I, for years, have worked in other occupations and other professions, and I feel very limited in sitting on the Tax Commission today, because of my lack of day-to-day contact. I'm very sensitive to the fact that I just can't even vote on things with the background and intelligence that I should be able to, because you just don't have the feel of it.

Well, that's a long way to say that this was basically a problem I tried to iron out with Paul early. And I can remember I had

a conversation with him once, in which I was trying to explain this to him, and also, I was trying to explain that when you act as a commissioner on any of these boards—and it's still true today—that their action should be through the executive officer, and not independent of him. And what I was trying to do was to explain to Paul that if he had complaints about the administration down here [in Las Vegas], that he should come to me and straighten it out, because we hired one or two people down here at that time, and instead of him going directly to the person, that he should come to me and let me straighten it out. I know Paul; I could tell when I talked to him, that he didn't entirely agree with me. You can't carry that to too great an extreme, but this was what I was trying to build up. I knew I wasn't getting over real good with him. I didn't know him well enough then to realize that tact. But I knew that I hadn't really gotten my point over that well, because Paul was a very independent person, and very independent to the extent—he is sensitive—that he is not going to let somebody else do his thinking for him. He does his own thinking and has his own opinions, and expresses 'em. I respected that, and I know that he did me, but we had our little troubles in the early days on that basis.

He would go to Ray Warren, who was working for me then at the time, and tell Ray he thought he should go to Phoenix, for instance, and investigate something, or tell Ray to go do something of this nature. And I felt he should've called me and said, "Send Ray to Phoenix," or wherever it was necessary. I, of course, didn't expect it to ban any conversation between he and Ray, or any of the smaller things. But anyway, that was our main difference.

The rest of the commission respected Paul, particularly Bob Allen. Being [of] a

little stormy nature, and outspoken, they had a particularly good rapport. They used to disagree at times, and by their nature, they disagreed rather vociferously. But nevertheless, they had an excellent rapport.

Of course, I had the advantage that Bob Allen, like I, was there every day. And his office was just down the street, and I could always get ahold of him. To me, it was a real support. I knew, if I had problems, that I could depend on him. And I learned very early, if I had problems, I went over and told him about it, and when I needed help, I needed somebody to back me up, he was right there. And when Bob Allen backed you up, he didn't do it half-heartedly; he backed you all the way. So I kept him very closely informed of my problems as I went along. And this illustrates the point [laughing] I've been trying to make, that he was available on a day-to-day basis, so I could get these things over to him. But I couldn't go to a commissioner in Ely, or one in Winnemucca, or one in Yerington on the same basis. And this was what I thought we needed. Bob Allen supported me in many a case where I might have lost without it.

And so did Charlie Russell. I'm going to cover that under a separate heading. But Charlie was available, much more than governors are today. I had complete access to his office at most any time. I talked to him. I don't think there was a day went by when he was there, or very few of 'em, that I didn't talk to him, and I had whatever time I needed. So I kept Charlie very closely informed of my problems.

Henry Rives, as I pointed out was extremely sensitive about being the senior member of the commission, been on it for so many years. He created a number of problems for us. Henry was an old-time politician, and was quite often trying to further the advances of his political friends, siding with

them. He was very easy for them to approach. And Henry operated in reverse of Bob Allen and Charlie Russell to me, because my enemies could always get to Henry and start whispering to him, and Henry'd get upset that I was trying to run things. So it caused quite a little problem with Henry whenever there was opposition in the commission. And Henry, again, was a person who was very explosive, very vociferous, and would get red in the face and wave his arms, so we had some interesting meetings. And whenever there was opposition, generally, it stemmed from Henry. And he was very loquacious. He'd've made an excellent old-time Fourth of July orator, and he'd start after me pretty good. So it was lucky that I had some balance wheels on the commission.

Gordon Lathrop was a banker, a typical banker, a quiet, intelligent man, as I thought of him. He was a fair man, he was interested in the commission, he was a man that realized his own limitations and capabilities. And in the fields he was qualified, in the banking field, for instance, and the things that came up of that nature, we all respected his opinion to the point where he could almost express it for us, because we knew he knew more about it than we did. And beyond the local effects of gaming in Ely, He recognized his limitations and didn't try to get into too deep water, and yet was able to sit back and judge things pretty dispassionately. Wallace Park, of course, had been a member of the commission for many, many years. He was getting quite along in years. Everybody loved him. He was a rancher at heart, always had been. He defended the ranchers. He didn't have too high an opinion of gamblers as a profession, as such, which, in those stormy days, was an advantage. Again, an extremely honest man, he was extremely wealthy, and in the cattle business, and in land business. Very quiet. And he, again,

recognized his limitations, particularly in gaming, and tried to judge dispassionately and never took too violent a side either way.

Tony Lathrop and Wallace Park were the quiet ones, and McDermott and Rives and Bob Allen and myself were the noisy ones. And Charlie was quiet, of course, in his manner. But we had some very, very interesting times.

The net proceeds of mines in those days was quite important. It was diminishing. It was never the importance that Henry thought it was, because Henry'd grown up in the mining industry when mining and agriculture were practically the only main industries in the state of Nevada. And Henry, of course, I think a little unduly, over-estimated the importance of the mining industry. But it's always been an important industry, and was then. Of course, he felt that any question on the proceeds of mines, that he gave the answer, and that was the end of it. But again, his personal and political associations were quite closely associated.

One trait he had that I used to try to gently slip around was whenever I would pose a problem to him, his first question, before he'd ask any others, or go into at all, was, "Who is it?"

I guess I remarked once or twice, at least softly, that it wasn't a matter of personalities, it was the case of the issue. But it was pretty hard to separate the issue and the personalities involved. If it happened to be one who, personally or professionally, he had politically had no connection with at all, he could be pretty hard in his reasoning. But he was very biased in his reasoning where it affected his friends, and particularly, what was then called the "Second and Virginia crowd," the old bipartisan machine. He had his offices in the First National Bank, and he was the first one they always came to.

In the gambling business, this was where I got most of my opposition. They'd go to Henry, and they'd start making their representations to him. And he then would have a preformed opinion before he ever came up. And it got to be, quite often, a contest between Henry and myself, with the rest of them listening. This happened a little in the Pittman administration, and also, with Governor Russell. Henry was an excellent debater. He knew how to overemphasize and blow up facts out of proportion. He knew how to slip by damaging facts, and brush them off. He knew how to shout you down. He knew how to twist things around to where he could start with something that was really not a particularly good argument for him, and try to twist around to where it was, just typically an excellent debater. He knew how to do it, and he was good. I've been under that problem most of my life; as the saying in the Army goes, he had the stripes on me. He was a commissioner, and I was an employee. And he knew how to use that, too.

So I was a little limited in talking back, so to speak, at times, and I'm sure that I underestimated at the time the fact that the other commissioners—. I always felt that I was a little outweighed and overmatched in that respect, and that maybe I hadn't had an opportunity to get my point over with the other commissioners as I should. I learned, from Governor Pittman, and from Charlie Russell, particularly, and from others, I've had them tell me, "Well, of course. We know Henry was wrong in the argument, but you didn't have to point it out any farther to us," or, "It was evident to us from the beginning." And I think I won more—well, I know I did; I won more arguments than I ever lost with Henry.

I learned something from Henry that has stood me in very good stead the rest of my life, because I think it's a very important thing for

a person to know, you're going to win some, and you're going to lose some. And everybody does. And I learned to pick the battles to lose, and pick the ones that I had to win.

There was a case that puzzled people, I think, for many, many years. The man got a gaming license, and he's still a very prominent man, but not in the gaming business, in Reno. But he had a background—I think he had a little misspent youth, probably, and had a background that was not good, and he didn't have any business with a gaming license. We fought him, Bill Gallagher and I, and some of the rest of us, for some time on the commission. It continued for a matter of quite a little time. He had lots of friends in Reno, lots of political friends, lots of personal, business friends. And finally, he got a license, even though we had some very damaging facts on him, which Henry belittled.

But I had another issue up at that time that I needed all the support I could get, and it was a great, big issue, in my opinion. It was the case of Stacher in the Sands Hotel down here. So I gave in to Henry without too much of a fight in order to win a bigger one. And we did. But that's something a person has to do. If you're going to lose arguments, why, lose the little ones and pick those that you can best afford to lose, because probably, you've got to lose some anyway. I learned that, very definitely, dealing with Henry.

We also learned enough to, again, argue with him a little on net proceeds. Net proceeds was, and still is, a very complicated matter. It's something that just can't be settled in the law with black and white statements or opinions. Nevertheless, we learned to argue back with Henry a little bit, and that we didn't have to go to him and say, "What do we do in this case," and he'll say, "Who is it," and we'll tell him, and he'll say, "Do this, and this is the answer," and he didn't expect any more argument about

it. In this way, he was throwing us inconsistent treatment of others. So we learned to argue back with him, and we started to even win some arguments in the net proceeds field.

Basically, Henry was, inside, a much softer man, I think—he was a lot like Henry Schmidt in that respect, also—than he gave his outward appearance of being. He could be a pretty touch opponent. But basically, he wanted people to like him, and I always felt that he wanted me to like him. But he made things so difficult for me that I found it very hard to do. In other words, he'd used his stripes and his brass, and gave me to understand that I was an employee, and that he was a commissioner, and there was quite a broad gulf there.

But Henry had the gout. He was a sick man—I mean, very obviously, he was—high blood pressure, extremely overweight, it was getting more difficult for him to get around, and we knew that his days were limited on the Tax Commission. And there was a feeling for him that I had, a good feeling, also, because I could see his good qualities sticking out. And he'd been on the commission for many, many years; I don't know how long, but maybe twenty-five or thirty years, and it was almost his life. I used to say, "With Henry, being a tax commissioner is right next to God, and sometimes, I'm not so sure about God." It was very important to him.

And as the gaming went on, I had a lot of support from the commission, itself. And one of the best memories that I have is Bill Gallagher and I went over to him (I tried to treat him with respect in what he was entitled to on the commission, and I took my problems up with him). Bill Gallagher and I went over to talk to him. I made an appointment to talk to him on a mining issue. And we had studied it pretty closely, and we were sure we were right, but we knew we were

stepping on some toes. So, when we got over there, Henry had Bill Woodburn, Sr. come in (who represented many of these interests) to give his side of the picture. And we had studied it. Even though Bill Woodburn was a very accomplished lawyer and we weren't, we had studied this particular issue more than he had. And it didn't take us too long to turn Woodburn's arguments around to where they were a little difficult to answer our questions, or our theory that was advanced.

And I can remember Henry sitting there, mopping his brow. He used to sweat profusely, and was always mopping his brow, and wiping sweat off his face, and short of breath, and just, I guess, barely able to get around.

So Woodburn made what had always worked before, his appeal to Henry, as commissioner, "Well, Henry, what's your opinion as commissioner?"

And Henry futilely wiping his brow and sputtering a little bit, and, "Well," he says, "Bill, I don't know. These boys've—. I don't see how we can answer 'em. It appears that we just can't refute their arguments."

And I think Bill Woodburn was quite an astounded man when [laughing] Henry finally sided with us, and admitted that he thought we were right, and we'd have to rule against his interests, or his clients.

And that day, for the first time, Henry came to me and asked me if I'd like to go down and have a drink with him, and promptly took me in tow, and introduced me to all his friends. And as he usually did anyway, [he] was quite vociferous and blew things up out of proportion, started taking me around and introducing me to all his friends, and telling 'em what a great man I was, and they'd better know me, because I was—. I can remember him telling 'em, "He's a good man to know, and you better get acquainted with him because he's got a lot to say in this state," and things

of this nature, which is the first time that had ever happened. He even took me, as I remember, to some—in those days—bigwigs in the gaming industry.

And it was, of course, a great deal of satisfaction because I can remember remarking to Bill Gallagher afterwards, “It looks like, finally, Henry has decided that if he can’t beat us, he’s going to join us.” I think Henry died within thirty or sixty days after that, or at least he went into his last illness.

I also remember this particular time with a lot of satisfaction. It really changed Henry, softened an awful lot of the other things that had come between us in so many years in the commission. And I always carried a much better memory of Henry with it on that basis. He was an unusual person, and he was a character in his day, and, like most characters, was very interesting.

This was getting down to the end of an era of influence in Nevada in those days, and things were beginning to be decided on a more professional basis. I always felt the Tax Commission should’ve been free of politics, partisan politics, as such, and personal politics, and was, I believe, always able to keep it pretty much on that plane.

Walter Larsh, who succeeded Henry, was a very quiet, intelligent mining graduate, an excellent man on the commission. That reduced by one the stormy characters on the commission and left McDermott, and Cahill, and Bob Allen to create most of the noise. Larsh, who had previously been general manager of Kennecott Copper, was appointed to succeed Henry Rives. Walter, of course, brought a new aspect to the commission, in that he was a mining man, a mining engineer all his life, and had been general manager in that, one of the highest jobs in the state and in the mining business, and had held it for many years, and, of course, was an expert, a

true expert in the mining field. Henry always loved to refer to the commissioners as experts in their fields. But Henry was manager of the Nevada Mine Operators Association, and never technically was an expert—he’d been exposed to the mining business many, many years, but was not—and Walter Larsh was. Walter Larsh knew the mining business; and, of course, Kennecott’s business.

When he came in, he recognized the fact that he was on retirement from—no, he was kept as a consultant by Kennecott because the law in those days required that they be actively engaged in the business they represented. So they had gone into that with some detail, and decided that they would retain Walter as a consultant to meet that provision of the law that said they had to be actively engaged in it, although Walter, himself, admitted that it was really a—I don’t know that you’d call it a subterfuge [laughing], but it was done to create that eligibility. And, of course, Walter was well along in years when he came with the commission.

And again, we had the usual concern that we had with the commission. And I remember talking to him, and trying gently to explain—and perhaps that was one of my faults in those days; I might not have tried as gently as I should. The point I was getting at might’ve been quite apparent, or more apparent than I thought it was. I can remember trying to explain to him that as tax commissioner, he was taking a different view of things, because now he represented the state of Nevada, whereas all of his life before, of course, he’d represented an individual copper company. I thought I did it quite gently, but I was trying to get that point over. And I’ve always felt that, and still do.

I may be getting a little bit off the subject at this point, but I still feel that way, that in government, special interests—and I

represent one today, a big one—but special interests are always available to put their side of the picture. But people who represent the state of Nevada, as I used to say, are fairly scarce. And I can remember saying to Bill Gallagher at times, when we'd get into some rather stormy times, "Who's there to represent the state of Nevada? Each represents their special interests, and they come up with lawyers, and they spend lots of money. And it just seems to me that this is our job. And yet we're always placed in the position where you can't become adversaries, so to speak," because you're on a public board, you're working as an employee. And that was always a difficulty, to keep out of the adversary position, and yet try to represent the interests of the state.

I can remember Walter, later, at a very crucial time, when he became exasperated—it was towards the end of his term—Walter saying, "Well, I've never tried to favor Kennecott," and I don't believe he did in any of his decisions, "because Bob Cahill told me that I was on as tax commissioner, and I was here to represent the state of Nevada. And I've tried to." And he did.

He was always available to us for his expertise—and I use that word judiciously, now, because it was expertise—and he tried not to favor Kennecott in any of the positions that he held. We finally, in the last part of his administration—well, just before Sawyer came in, after the sales tax had come in, which gave us new problems, and new tax problems—got into quite an extended and positive disagreement with Kennecott on some rulings. Walter defended Kennecott's position, because it happened to be in an area that he was extremely familiar with. And Walter defended Kennecott's position quite vigorously. And we won the argument. The commission ruled along the lines that we had established. Walter had always felt that

it was an unjust ruling. He felt the justice of Kennecott's cause, and it was the only time he really—. He didn't say a lot then, because he—I think this was when he made that remark. I understood how he felt. He didn't take too much issue when he lost the issue. But I knew, some time later, that he felt strongly about it. He felt that it was an unjust ruling. Yet it never affected him. I had a marvelous personal relationship with him. I loved him, and I know that he liked me. And, of course, he was getting well along in years, mellowing, I'm sure. On the gaming end of it, I think he backed us up whenever he thought we were right, and he backed us most of the time. We felt we were right.

Out of the mining field, he, again, recognized his limitations. Again, like most men who've attained a position and stature in their field, I think they have to recognize their limitations, or they wouldn't be able to be as successful in their field as they are. And he used to admit that he was out of his field, and that he just had to sit more or less as a dispassionate observer and try to vote the best way that he could on whoever he thought had the best side. But he was never a difficult person, never hard to reason with.

Sawyer was going to reappoint him. But he made a mistake that I'll go into a little later, that Sawyer did in those early days. He didn't even consult Walter about the fact he was going to reappoint him. And Walter had told me that he would not take reappointment under any circumstances. He felt, when that Kennecott case was lost, that he was just of no further use to the commission, and told me so. And, of course, he was quite elderly and ready to retire, and even the commission was, I think, getting too much for him. And he told me he wouldn't accept another appointment.

When Sawyer decided to appoint him, I did suggest to Governor Sawyer, I said, "Well,

have you talked to Mr. Larsh about it," 'cause I knew how he felt.

And Grant said, "Well, no. But," he says, "I suppose I should," as though it was occurring to him for the first time. "I suppose I should consult a person before I appoint 'em." And he did, and Walter told him very flatly that he, like Calvin Coolidge, if appointed, he wouldn't've served. So that's when Bill Newman came into the picture. I had some very interesting mining experiences with Bill, but that's in another era.

I can go back to Paul McDermott and my problems down here with Benny Binion in getting a license, which is almost another story in itself. I knew that I had to have some support from Paul with Benny. Well, it's a long story, but he did not have a license. I always felt, and still feel, and told Benny many times to his face, that I thought he'd run an excellent gambling place. He was a good gambler, was and is. He's been licensed for many years. I think he runs an excellent gaming place. He knows the business, grew up in it. But his background was such that you just couldn't separate it and justify yourself to the people, or anybody else, or to the FBI, or to crime people that were trying to help us in keeping things under control, because you left yourself open to the argument, "Well, if a man with a background like this can get a license, who can't? Who can you keep out?" And it was a long, long fight, and got very much involved. And I really believe it's another story.

But anyway, Paul was finally convinced that Benny should have a license, and that was one, a big one, that I lost, finally. And in losing it, I gained one of the best friends I ever had in Paul McDermott. I think I'll take that up in another story. I think it belongs in Benny Binion's story.

That is generally the composition of the commission in the what we might call eight

years of the Russell administration. I can cover later the Sawyer administration, but the Sawyer administration was entirely different. We were out of gaming by that time, it was an entirely different setup, entirely different problems, and the commission settled back to a position that it had had previous to gaming, in less controversial, and less stormy issues, at least. Not so many of them would've got out of the gaming business. That was towards the end of my state service. And the composition of the commission at that time was a different matter altogether.

The commission that I have just mentioned and gone through were the people who faced all of the early problems of gaming, the formative time. It was the formative period, it was the stormy period, and that time is the heart of all of the problems we had in those days in gaming, the ones that have carried over.

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Now, I presume we should go back to where we left off some time ago, to the point when I was appointed to the Tax Commission in 1945. My title was chief clerk and statistician, I believe. It was chief clerk of the Tax Commission. That was a title that had handed down from the old days of the old mining companies, when the chief clerk was quite a fairly important officer in the company. Of course, in state business, it merely—more and more, it just began to indicate somebody that was a little above the grade of a clerk-stenographer and in charge of a group of clerks.

I believe I explained that in those days, there was the consolidated offices, and the state auditor actually was ex officio secretary of the Tax Commission, but it was well known that the person who was appointed as chief

clerk of the Tax Commission was actually the person in charge of the Tax Commission and its administrative affairs, operating under the guidance, of course, of the Nevada Tax Commission, which was the policy board. Don La Rue, at this time, and even later, with Grant Robison's time, seldom attended a meeting of the commission. They just took care of the bank examining and state auditing in their division, and the chief clerk handled the Tax Commission affairs and submitted them to the commission, itself, for approval.

This position also did the governor's budget, actually did all of the work in preparing the governor's budget, which was, at that time, probably the most important function of this office. The Tax Commission had never gotten too far into administrative procedures and into the things they get into now. The job was more involved and better known for the fact that the person who held that job did have to prepare the governor's budget with the governor and steer it through the legislature.

Of course, the budget was no real problem to me because I had come from the controller's office, and was thoroughly acquainted with the state finances, and where the money came from and where it went. It was a rather arduous task for a single individual, and it was primarily done by a single individual in those days, but there was nothing in it that was difficult for me, or difficult to understand.

I prepared Governor Carville's budget, of course, in collaboration with him. I'd get it to a certain point and then go in and get policy direction from him. And, of course, we had to figure the tax rate, and it figured prominently in the governor's message. The governor also delivered a budget message, outlining his fiscal policies, and this was all contained [in] this one instrument. And then, from that time on, it was the job of the

person who prepared it to carry it through the legislature to see that the mechanics of it were made clear to the legislative committees. And the person who served in there, George Allard before me, and Bill Atkinson before him, and myself, always served almost as an advisor to the financial committee of the senate (it was called the ways and means committee of the senate in those days). And they sat in on every session, and listened to the discussions, and looked up anything, got them any information they needed. You had to follow continuously the appropriations that were made by the legislative body, so as to be able, at the end of the session, to compute the tax rate and determine the state property tax rate, which was the ultimate goal of the budget.

I served with that first senate financial committee constantly. I think I attended every session of the meetings of the ways and means committee, or joint committees of the house and the senate, and also appeared many, many times before the assembly ways and means committee as a witness, or was brought up for information, or to testify for them. But primarily, you were considered as the advisor to the senate committee.

This was no particular problem in the '39 session, except as a matter of mechanics, to be able to follow it. As I pointed out previously, there were no real financial problems. It was just a matter of the technical ability of being able to follow it, to keep up with the appropriations as they were made, and being able to compute a tax rate at the end of the session that was sufficient to carry the state budget forward for the next two years.

The prevailing theory of the budget in those days, particularly—and we followed it that year, as I'm sure it had been done in previous years, and for a number of years later—was that the governor's budget provided only for the existing commitments of the state offices,

and the existing commitments, nothing new in it. In other words, those expenditures that were a matter of statutory provision, provided for by statute and by custom. So they provided for all of the functions of general government and all of the various offices. The tax rate in those days was earmarked more than it is now, and there was a rate for the old age assistance, there was a rate for the University, there was a rate for the distributive school fund. And we took care of all of the existing functions of government, but nothing new. If a new program was to be proposed, there was no provision for it in the governor's budget.

And this always did one thing that was very convenient to the governor, in that he estimated a tax rate on the basis of the existing functions of state government, and it was any money, surplus in the state treasury over a cash balance of \$300,000, would automatically be siphoned off into the postwar fund to be spent in postwar years when the facilities were available to use them.

As a matter of fact, the transferring of any money in the general fund in excess of \$300,000, any surplus money, was something that had been dreamed up by the legislature, the legislators, and actually, was not at all practical, particularly in those days. Because there is only one time in a two-year period that a surplus can really be figured in state government that isn't a pure estimate, and that is at the end of the biennium. But any time up to that time, you're estimating revenues that are coming in, and you're estimating expenditures, and there's no fixed surplus that can be determined. They've got more sophisticated ways of doing it now, with a complete department of administration and finance, and certainly can do it much better than we could do in those days. (It was just somebody's guess.) So, as a matter of fact, the controller-treasurer had never transferred any

surplus monies over the \$300,000 provided into the fund for this reason. I suppose they just never could really determine it, and so they just never did do it. But the money from the Boulder Dam payments did go into this fund.

As I remember, there was about \$1,400,000 in this surplus fund that was designated as a postwar fund. Now, all of this money had come in the previous two-year period as a result of the government catching up with back payments on this Boulder Dam payment. In other words, in this two-year period, some five payments had come in. The government, with its usual promptness, was two or three years behind in catching up, and when they did catch up, they began to catch up in a hurry.

So as I remember, during this two-year period I think it was five payments of \$300,000 had come into the state treasury. Now, this was, of course, during that Clark County fight. Some of this went to Clark County, a portion of this, I think \$120,000. But my memory is that as a result of this, there was about \$1,400,000 in this fund. And the legislature was in a particular slaphappy mood, so to speak, as a matter of finances, because they were riding in a position, I don't think, really, any legislature before or since had, in that they were a little embarrassed with money. They found that this caught up with 'em very quick, very quickly. When they had left from the session before, there was no money in the postwar fund. When they came back in the next session, there was \$1,400,000 sitting there. And this was to be spent at their designation for any special purposes.

And, of course, immediately, there was about three times that amount filed in requests by various agencies. They learned—if they hadn't learned it at that point, they rapidly learned a lesson, that surpluses are

the most embarrassing things in public government, because the minute they exist, every spending agency that desires any money fastens their eyes on that and starts making demands for it. But they did think they were rolling in the money, and still, were not up against a crucial expenditure problem because there still wasn't the facilities to inaugurate the programs that were necessary. The boys were not all back from the service; things were still pretty much on a wartime basis, on the old wartime footing. I explained to Governor Carville that this was not a surplus that had been accumulated in two years, as the legislature seemed to think, but really had been accumulated in the last five years. And the general thinking seemed to be—and they admitted this later—"We left two years ago, and we have \$1,400,000." And I was trying to explain this just ain't so, because next year, you're going to have \$600,000 in there, not \$1,500,000 or \$1,800,000. I wouldn't guarantee the figures I've given, because it could've been a six-year period that this had gone on. But anyway, this was the conditions.

The governor got the point, all right, and said, "Well, those guys just figure they've just got a picnic up there, and they're going to be thinking up ways to spend money. Governor Carville was a very conservative man, and this wasn't his policy. He always believed in fiscal conservatism and keeping the government very sound financially. So he said, "You'd just better go up and explain to those people, and talk to 'em about the facts of life."

So when I did go up there—and it was suggested that I give them a brief rundown as to what the financial condition of the state was—I guess I overdid it a little with them, because I hit 'em pretty hard with it, and virtually told them just the facts of life as they existed: "Now, if you think you're going to have this money coming in from now on,

you're wrong, because it just isn't going to come in the same way. And if you think you're going to get \$1,400,000 every two years (or \$1,600,000, or whatever the figure was) you're wrong. The government is now caught up, and it's going to come in at the rate of \$300,000 per year, and you're probably going to need that \$300,000 a year to budget for general government.

And as I say, I must've overdid it a little, because one of them told me afterwards (I think it was Senator Robbins), "You just threw cold water all over us." He said, "We were just sitting there like a bunch of kids figuring out all the money we were going to spend for candy, and all of a sudden, you came and doused us with cold water and told us we didn't have this kind of money to spend." And, of course, they were beginning to see the results of the knowledge of the surplus; they were beginning to get a lot of requests for the money.

So, as an aftermath of that, incidentally, a few of them that were up there were pretty good humorists in their own right, particularly Walter Cox and Ken Johnson [and] some of the rest of them. They got back at me by going to the governor every time that he came up with a program that he needed a little money for. They'd go back to him and say, "Well, we haven't any money because Cahill just came up there and told us we're broke." And they thought it was a little humorous, and I guess maybe it was, but Governor Carville didn't think so. He began to get that steely glint in his eye when he'd start to tell me that I was tellin' the legislature we were broke. I tried to explain to him that I hadn't really told 'em that. That was their interpretation they were throwing back at him. But he didn't think it was really that funny. And they did use it. And they told me about it. They kidded me about it. But it did put a different viewpoint

on things, and changed their planning a little. And when they began to see that they didn't have all of this wealth coming in that they could plan, they began to look around for someplace to get it. Because everybody knew that while they were in very good shape at that particular time, that in the next two-year period and the time after that, we were going to be catching up with the things we'd neglected during the war, and we were going to have a very expensive government, going to have a tough time raising money for it. This was where the gaming tax was conceived, as I remember it. I saw it happen. They weren't looking for money for that session, but they were looking for money for future sessions. And as it was told to me, a group of 'em were sitting around one time, and they began discussing the gaming, which was just starting to develop in Las Vegas in good shape. (By this time, we had the Frontier and the El Rancho down here [in Las Vegas] and some downtown places were thriving, and it was beginning to get quite a little attention.) And it was told to me one of them said, "Well, what would we get out of the gaming industry if this was a franchise as it had been done in Mexico, and we just let the gaming privilege out to bid, what do you think would be the price bid for it?" Well, everybody agreed that it would be quite high, that it was a very valuable privilege, and getting more so. And so the theory began to creep around that maybe we'd better start getting something out of it.

I think it was Walter Cox and Ken Johnson who were the most voluble, but they had also conferred with Senator Robbins, Senator Haight from Fallon, and I'm sure one or two other senators, who were in agreement as to this policy. So then the next question came up, "Well, how are we going to do it? And how much would it bring?"

Well, nobody had any facts or figures. Nobody knew what a gaming tax would bring in the state of Nevada if it were based upon what they were earning because nobody knew what the profits in the business were, or really, how much was being passed over the tables in the state.

The senate introduced a bill sponsored by these senators, imposing a ten percent gross tax on all gaming gross revenue in the state. The definition of gross revenue then was the amount paid off as losses, a true gross. And they decided that they would levy a ten percent tax on this gross. And, of course, basically, this was unthinkable. Even today, you know, business can't pay a ten percent gross tax with all expenses, and they knew it then. I, of course, exploded a little and was promptly told that they knew this, but that it was strictly a method of smoking out the gaming people at that time and finding out what it would produce. I told them that we didn't need it to balance the current budget and keep a reasonable property tax rate. But they said, "Well, we're going to need it in future years, and let's try it this way." Well, of course, this was completely unthinkable, the ten percent tax, but it achieved the desired results. It brought most of the gaming people out of their chairs, or wherever they were sitting, right straight up in the air and right straight down to Carson City. And they came down there immediately and vociferously explained that no business on earth could pay a ten percent gross tax.

Well, of course, the people that were planning this were smart enough not to confide, as they had to me, to the people and say, "Look, we didn't mean it. This is just a start." They just let them think they did mean it. And it created quite a consternation. The gaming business wasn't organized in those days, but the halls were immediately filled

with anybody that had a stake in it, and particularly those from Las Vegas, who were just beginning to come into their own. This was well towards the end of the session, when this bill was introduced. Then they just sat on it and waited—listened to the howls that went up. They held some hearings on it and listened to some arguments, never budging from their position. This was the senate position, engineered basically by these people I've mentioned. The assembly didn't go along with it, and were more sympathetic to the gaming interests that were lobbying very vociferously by this time on the bill.

They kept coming to me at this time and saying, "Look," (because I was doing the budget) "how much money do you need? We're willing to pay—." They were beginning to recognize the gaming industry was going to have to pay, but, "We're willing to pay what you need." I couldn't tell 'em, very frankly, we didn't need anything, because I wasn't figuring on anything in the budget that particular session. I may have explained to 'em that this was figured for future sessions, but that there just wasn't an item there or so many dollars that they were trying to raise. They said, "Whatever you're trying to raise, we'll come up with."

Then they retained Jack Diskin, who was Harolds Club attorney—and I think was, up to the day he died—to represent them. Diskin came to me and said, "How much money are we looking for in this bill?"

And again, at this point, I wasn't able to give him a very good answer. But he stayed with the thing, kept lobbying on the bill. Pretty soon it was evident that it wasn't the ten percent figure they were looking for, but, basically, they were beginning to talk about \$200,000, as I remember. I don't know how that figure crept out at that stage of the game,

but it did come out. So he came to me, and he said, "If we levied this by an amendment to the present tax, which is on a per machine or per game basis—" The old basic tax that's still on the tax books, the original tax that was put forward in 1931, when gaming was legalized, the hundred and fifty dollars per quarter for the table-type games, and seventy-five dollars per quarter for card games, such as poker, and so forth, and thirty dollars per quarter for slot machines. He said, "How much would we have to increase this basic tax to raise, say, \$200,000?" or whatever the amount of money it was that they figured. "We're perfectly willing to pay this amount of money, but we're not willing to pay it on a gross tax basis. We want to do it by the old method, of a per game or per machine basis."

So I can remember staying up all night with him one night, working on the bill, and he worked out the amendments. And he submitted a bill to the assembly—or recommended a bill to the assembly based on a per machine and per game basis, and putting all of the increased amount into the state treasury. At that time, this money was shared. The state got twenty-five percent of it (still does). The counties and cities got the other seventy-five percent. So when he increased it, proposed the increase in this tax, all of the increase was to go to the state so as to provide the same amount of money as would be provided by a percentage tax. The assembly, by a political maneuver, really—took the senate bill—. This bill passed the senate on the ten percent basis (I think it was the ten percent basis; I can't remember the sequence). But anyway, the senate passed the bill, and the assembly amended the bill to their version, so that there was no senate bill in existence except the amended senate bill, which changed it to this flat tax basis, and

then sent it back to the senate to concur in the amendments. And, of course, the senate wouldn't concur.

Somewhere in the process, they agreed to cut the ten percent tax down to one percent. They admitted that it was an experiment. They said, "We don't care what the percentage is, because once we levy a percentage tax on it, after two years, we'll know, then, what it will produce, and we know what we've got to tap. We'll know." So this is the way the struggle went.

The session went into overtime. (And this was the only one that went off-session,) and the people were getting more and more impatient about it, and Governor Carville was getting impatient. As a matter of fact, I can remember discussing with him, only as a possibility, the fact that he might adjourn the session (which, of course, the governor can do after the sixtieth day) if they couldn't come to some sort of an agreement. And the senate, in this process, had finally watered [the tax] down to the one percent, and then the question was, "How are we going to levy it? Are we going to do it by the one percent gross tax, or are we going to do it the way that Jack Diskin proposes, and do it on an amendment to the flat tax bill?"

There was a lot of arguing went back and forth, and it finally got to a joint conference of the house and senate. I was told, particularly by Cox and Johnson, not to worry about it, that they knew what they were doing, and the senate knew what they were doing, they were going to win it, and that it was going to come out their way, and it wasn't going to be impossible when it came out. And it did finally come out on the one percent tax on gross revenue in excess of \$3,000 per quarter. In other words, they were trying to protect all of the little people, and so they exempted any

revenue up to \$3,000 a quarter, and the one percent was only paid on the gross in excess of that figure. But it gave them what they wanted; it gave them an estimate, as a handle on the gaming business, to find out what its gross revenue actually was, and what it would produce. And this is the way that it turned out, because it didn't stay at one percent very long. It started going on up. But now they knew what they were working with, where before, they didn't.

This money was put into surplus, as far as the budget was concerned. Nobody knew what it was, and they were not willing to reply on it, so it was not taken into consideration on the budget at all. It was just thrown into surplus and would figure in the balance in future years. It would carry over in the balances.

I think the method that they used to determine it was a method I ran into later in another tax situation. They talked to one or two of the large operators of the state, particularly one. I think it was the operators of the Bank Club in Reno, and this, of course, was the old Wingfield group. And as it was related to me, they said, "If we're doing the proportion of the total gaming business in this state that we think we're doin', we think it will produce about \$200,000 in the first year." So this was the \$200,000 a year that they were beginning to kick around, and it turned out to be quite accurate. That's a matter of fact. I think you can look up the amount the gaming tax brought the first year, and it was just slightly over \$200,000. But it was done just on this basis, of one operator, or maybe two coming in and saying, "Look, judging by our business, and if we're doin' the proportion we think we are, this is about what it'll produce," and it turned out to be quite accurate.

The thing that kicked the bill out of committee was a clause that was added that's still in there, and that was the so-called "secrecy clause," or the protection of revealing the gross revenue of individual places. One of the most vociferous objections voiced to it was the fact that if every club's gross revenue is known, each one will know the business of the other, the newspapers will start to fan it out, they'll start writing articles comparing Harolds Club with the Bank Club in revenue, and the Last Frontier with the El Rancho, and it just isn't right. And that's a principle that's followed today. There's a lot of people don't understand it, but it is in our present sales tax law. It's that you haven't got a right to reveal either the net or gross income of any person. You can't—and it's true in our federal income tax—that you can't determine the income of your neighbor.

And this was what broke it loose. Until they threw that in there, the thing was just hopelessly bogged down. I think even some of the senators wouldn't have gone that far with it. But once they put that clause in there, so that the revenue of any individual place should not be revealed, that broke the dam, and the thing finally passed on the one percent basis, turning it into surplus that started our gross revenue tax that exists today, and which is now the main part of the gaming taxes of the state of Nevada. It's the biggest portion of it. And it's been built on, as everybody knew it would, from that time on.

This bill, as it was passed, was strictly a revenue measure. I mean, there was nothing talked about at [the] time of any of the other things that have since developed, of matters of control over privileged industry, and so forth. It was strictly a revenue measure, and because it was a revenue measure, it was administered by the Tax Commission.

It was placed into the Tax Commission to administer.

I can remember asking one or two of the legislators as to why it was given to the Tax Commission, if they figured that this was something that was going to continue, a specialized field, and they said, "Well, we don't know of any better body to entrust it to." The Tax Commission was a very substantial body. It was composed of a fine group of men. It was well protected in its composition, prominent citizens, people that were well known. And they just didn't know of any better place to put it. And, of course, from a revenue basis, it probably was the logical agency to start out with.

We, of course, had some problems of collection. This problem of collecting revenue in excess of \$3,000 was a complete headache to us, and was for the two years that this provision existed, because we were required to issue a license to everyone in the state, but we didn't get a fee for it unless their revenue exceeded \$3,000 per quarter. We had an awful time finding out where all the licensed places were because there were lots of places that just operated a few slot machines, had no tax to pay, knew they didn't have any tax to pay. They didn't see any reason why they should be licensed. But nevertheless, we were supposed to license them and collect the one percent from only those people who had revenue in excess of this amount, and it was relatively few in those days. I can't really give an accurate figure, but there wasn't—I'm sure there wasn't much over a hundred places in the state, or thereabouts, somewhere in that figure, that made this kind of revenue. No strictly slot machine operation, as I recall, except one, ever had to pay a slot machine tax because their revenue didn't exceed the \$1,000 a month, or \$3,000 a quarter. The old

Western Airlines depot down here in Las Vegas, which was the airline terminal at the time, as I remember, did exceed this figure, and did pay its tax. As the tax developed during the period, there were others—a few others—that began to come into this category.

The first year, basically, we operated it with one employee. Of course, the whole Tax Commission only had six or seven in those days, I guess. I can remember somebody bringing in Reese Turner, who was an uncle of Ned Turner (the Turner family that's pretty well known in the state), and suggesting that we give Reese the job of patrolling and policing the collection of the one percent tax.

It was mainly, at this time, finding out who they were. You knew who the big operators were, and [we] began to ferret out all of the other operators in the state, whether they operated one slot machine, or three games, or whatever they operated. It was a very difficult task, and we spent most of that first two-year period just running around to see that everybody in the state did have a state gaming license, regardless of whether there was any fee for it or not, and finding out who these people were. Of course, the people who paid the bulk of the tax, they were not difficult to find—the Bank Club, Harolds Club, and the large operators. I don't think we had any problem there; they immediately complied. But the rest of them were a problem, getting them registered.

So at the time of the next session, I had a couple of changes, particularly, that I proposed to help us in this particular situation. All operators had been obtaining a county license on the old per machine or per table tax, the one I've referred to previously, and they were used to this. They'd been licensed since 1931. This was administered by the county sheriffs, and everybody knew it. And we used to go to

these people, lots of them, and say, "We'd like to see your state gaming license," and they'd say, "I have it," and point to the county license on the wall. And then you'd start explaining, "No, that's not the license we want to see. The state license." Well, they didn't know anything about it. We went from Battle Mountain to Wendover to Pioche, to all of the outskirts, literally beating the bushes to get these people out and to get them registered as a licensee.

During the next session, one of the changes we were particularly interested in was to reverse the procedure of getting a license. The 1945 law required that an applicant for a state license should identify his county license. This automatically made the county license first in order, a prerequisite for a state license. And I've had to go through the county license records to find out who should have a state license or make a physical check of every business in the state that had slot machines or gambling games. This was almost impossible to do with one employee. So I suggested that if we reversed the procedure, and made the state license a prerequisite for a county license, that we would automatically have the people who knew the business and who had been in it all their life (the sheriffs) controlling it for us. If the sheriff wouldn't give 'em a county license until they had a state license, they would have to come to us for it and we would be able to administer, with one employee, this act that had been handed to us. So this was one of the changes we suggested, and strictly and solely for that purpose—at least, that's all we had in mind at the time.

Of course, by this time, we had two years' history, and it gave the legislature what they were looking for, a base, to compute a tax on. They knew now what the gross revenue, the current gross revenue, was, of the gaming industry in the state of Nevada. Now, they

were needing money, and they increased the tax from one to two percent, and removed the \$3,000 exemption, so the [19]47 act provided that the gambling places paid two percent of their gross revenue without any exemption. This meant that every business had to pay a fee of some amount. There may have been—I don't recall them—there may have been one or two other minor amendments, but these were the basic and main changes that were made in the old original 1945 act.

So now we started the next biennium with a two percent tax for every gaming license, regardless of what they made, and the provision that they had to have a state license before they could get a county license. This legislature ended in March or April. We went along with this during the rest of the year until we were beginning to get some distinct rumbles from the southern section of the state, where one Bugsy Siegel had built the Flamingo Hotel, which was the most fantastic and fabulous thing that the state had seen up to this time. There was quite a bit of uneasiness when people began to find out just who this Bugsy Siegel was that had been licensed by the county authorities, and there began to be a lot of rumors and a lot of nervousness about the legal gambling industry.

It began to be apparent that there was going to have to be some sort of control at the state level to control legalized gambling, which was now growing very rapidly. It was very obvious that it was beyond the control, particularly, of a local sheriff who was elected to office and who was not used to this type of a regulatory job. And there were people down here in Las Vegas that were beginning to see that unless there was some sort of control put on it, it was going to get away from 'em very rapidly. It was becoming apparent that local government just couldn't cope with this kind of a situation. It just couldn't be strict

enough. They were used to administering it strictly for revenue. If anybody wanted a gambling license, they presumably got it from the county licensing board, but actually they went to the sheriff [and] the sheriff promptly issued 'em a temporary license, collected the fee for it, and they were in business. This was the purpose of it, to get more money in the county treasury—and then, as a perfunctory matter, when the licensing board met, they made permanent what the sheriff had done on his own. And this was custom. This was done, I believe, in practically every county. I know it was done this way in Clark and Washoe Counties.

Now it became apparent that by the time this application got to the licensing board that it had gone too far even if they wanted to control it. They already had a license by this tacit agreement that the sheriff had given, a temporary license, he told 'em. It was labeled a temporary license, but it was a license to operate. And it was too late, then, to reconsider and try to withhold it, or put conditions on it, or anything else.

The man who carried the ball mostly, as far as the state was concerned in this, was Bill Moore, who was the managing director and one of the main owners of the Last Frontier, which was a fine operation, and he had been appointed as a member of the Nevada Tax Commission from Clark County. Now, this may have been a result of things I couldn't see (because it was a political appointment; it was made by the governor), and maybe some people down in Clark County were beginning to see, that it was about time to have somebody on that board that knew something about gaming, because now the element of control was beginning to enter into it, which had never come up before.

Bill was new on the commission, but he had been appointed by Governor Pittman as

a member of the commission, and he began to get concerned with this problem. And he began very vigorously pointing out that something had to be done on a state level to control this industry, that it was just strictly out of control, particularly in Clark County. It was out of control, and that somebody was going to have to put the brakes on this.

So then they began examining the existing law because that was the only one we had to go by, as to how could we control this thing on applicants that were coming up in the future. Would we get another Bugsy Siegel incident? And if we did, what would happen? Who'd step in and say, "Wait a minute—let's take a look at this." And it was generally agreed that this would have to be done from the state angle. So they began to examine the law to see what basis they had to go farther into this thing, as a matter of licensing [rather] than just collecting revenue. Now, by this time, the Mapes Hotel was building in Reno. Reno business was picking up, and we were beginning to get outside interests beginning to eye Reno, as well as Las Vegas. And we knew that this so-called hoodlum element, that entered very prominently into the speculation of Nevada gaming for many years after that, were beginning to eye Nevada as a place for their operations, and we were going to have to do something about it.

We got an opinion from Alan Bible, who was then attorney general, to say, "Can we go farther and inquire into the suitability of an applicant for a licensee, based upon his background and his past?" Homer Mooney, who was deputy attorney general and did most of the research work for Alan on this particular opinion, had his own words for it. I think he worded it, "Going into the antecedents, habits and characteristics of the individual applying for the license, can we get their fingerprints? Can we find out

what their past has been? Can we find out if these're going to be suitable people to be licensed, and if they are not, can we deny them a license?"

The upshot of it was that the attorney general gave us the opinion that we could, but it was based strictly upon just the general theory that has been dwelt on ever since, that gaming is the type of business that is a privilege and not a right. There are a number of court decisions that pool halls, dance halls, anything that affected public interest, could be regulated by governing boards more strictly than those businesses that had a right to operate, that this was a privilege. And while it is not obvious in his opinion—and it is there, I know, from personal discussions I had—it was really the keystone of his opinion that the legislature must have had this in mind because they had only that session changed the order of precedence and made a state license the prerequisite from the county license, and that it must have been for the reason that they foresaw that they might have to have control of this thing, and that a state license did take precedence. Well, I happen to know that [laughing] at the time it went in, that wasn't the purpose, but this was what he fastened onto, and said, "Therefore, we've got to assume that a state's got the right to regulate this," and essentially, in a very general opinion, and a remarkable brief one for the subject matter that it contained, he said, "The Tax Commission can deny licenses for people who are unsuitable." And from then on, it was an entirely new ball game. It was really the start of something big—we had lots and lots of problems in the very early times of this.

I think, personally, that the state of Nevada has a debt of gratitude that it owes to Bill Moore for what he did, because he did a yeoman job of it. I have found out since, as I've become acquainted in Las Vegas and the

area, that probably he wasn't the only one that had conceived all of this, [but] he was the one that carried it out. He worked on it very vigorously, and he was in a very bad position, himself, because he was a gaming operator himself. And in trying to control other people, immediately, of course, it would be pointed out that he was trying to keep competition out. And I, personally, could guarantee that Bill Moore never had that in mind. He had the state of Nevada's interests at heart; he saw how big this thing was going to be. He was occasionally in that awkward position, but I never knew him to act on anything, or suggest anything, strictly for his own personal good. I think he did a marvelous job in this respect, and I don't think most people realize just how important he was to the state of Nevada at that particular period. He just—in the Tax Commission—just literally fought it out by himself.

Of course, we had lots of problems then. I was sittin' with one man to run around and check up on gaming licensing a little, and all of a sudden, we found that we were now in the business of investigation, reading fingerprints, going into the past, [the] background—as they do now—with absolutely no experience or any real equipment to do it with. At this point, we were, in this field, just virtually country kids. We had to feel our way along.

We had an awful time with licensees who were used to just going to the county sheriff and saying, "Look, Bill, I need a license." A lot of gamblers move around, and did. Particularly in those days, the small ones moved around a lot. And they'd operate a place maybe one year, and then maybe they'd move somewhere else or they'd stay out for a while, and then they'd decide they wanted to go back in business. They'd go and buy out a business, or start a new business, go up to the sheriff, as they always had, and say, "Here's my

hundred and fifty dollars (or three hundred, or whatever it is). I want a license."—and they'd get it.

The sheriff now had to say, "No. You've got to go to the Tax Commission and get a license first."

Well, that was a fury of furies, because then they'd come, as they were used to doing, posthaste, to the commission, knockin' on our door, and saying, "Look I want a license, and kindly give it to me because I'm in a hurry, and I want to go back and get my business started."

And I'd have to tell 'em, "Well, I'm sorry, but the Tax commission only meets about once a month." And up to the time of gaming, the Tax Commission had only met about three or four times a year. It was like a lot of other policy boards—you only met when the occasion demanded. And we began to find [laughing] the occasion was real demanding. But they were just not about to wait a month, or two or three weeks. And they'd give you their fingerprints, all right, providing you gave 'em a license about the same time they gave you your prints. We had a terribly stern time.

Because I was the one who was getting the brunt of this (I had to fight it out as the chief executive officer), it began to get to me pretty bad. The pressure was terrific, and if it hadn't been for Bill Moore at that particular time, I don't know what I'd've done. I began to get upset, and Bill'd calm me down. He'd say, "Now, now, just take it easy. It's all going to work out. Now, just don't get excited about it. They'll get used to it."

Well, of course, to me, it appeared they never would, because I was just beginning to get the brunt of this all the time, people screaming at me that we were interfering with their right to do business. They hadn't quite gotten onto the idea that it was anything but a right because that's the way it had been operated in the past.

I soon found out that most of these troubles were minor ones. When it came time for the brand-new Mapes Hotel to open, which was the largest and most magnificent hotel structure that had ever been introduced in Reno, and everybody'd been watching it for a period of time, and, of course, as very old, well known family, like the Napes people, building it and operating it, nobody ever thought about getting a gaming license for it. They just thought of it in the usual terms, that you went to the sheriff and put your money down, and you got a license.

Well, it turned out that the Mapes people weren't going to run the gaming. They didn't know anything about it, and they were leasing the gaming out to somebody else. And, of course, there never-would have been any doubt about the Mapes family, any of them, being morally qualified to get a license. They naturally could've got it. But when they decided to lease it out to three people who were not known to the state of Nevada, who came up from Los Angeles, and had the money, and negotiated the lease, and were all ready to open (as I remember, the opening was just before New Year's—in fact, they may have opened New Year's; it was right at the end of December when it opened), and they came down and submitted these three people, and Tommy Craven, my old friend, was their attorney. And we had a wild time! I tried to clear the prints as fast as I could, and then I began to find out that particularly one of the fingerprints didn't come back with too rosy a background. Here we had this magnificent hotel, already advertised the grand opening, and I guess their invitation lists were out, the gaming tables were all set up, and they were all ready to go in business, and all of a sudden, we found out that there was some question as to whether these people could be licensed. And that created a tremendously

hectic time. Of course, I was operating strictly as an administrative officer. The recommendation came from our office, but the policy was up to the Tax Commission, and the Tax Commission began to find they were in a dilemma.

We finally got it ironed out. Actually, the one charge on the record of one of the applicants was somewhat refutable. It wasn't quite as it appeared on a blank record. And also, we found out something that the gaming industry is still struggling with, even though maybe they're struggling with it in a little different way. We struggled with it for as long as I had anything to do with gaming. But it was the introduction of a new theory. We began to find out that if legalized gaming is going to be operated in a big way, as it was apparent it was going to be in the state of Nevada, that, to borrow an expression I used to use early in the game—you didn't get bishops of the church and solid, upright, upstanding citizens who were in the social register, of blue bloods, that wanted to go into the gaming business. They were people who were gamblers. And because Nevada was the only state where it was allowed legally, they, of course, had to get their experience in states where it was illegal. And you couldn't put the restrictions, maybe, that you'd like to put on it, because you'd stifle and stymie the gaming industry if you said, "Only people who don't know anything about gambling can be licensed," because it was very obvious the only people that want to be licensed in gaming are—and the only people who can make a success of it are—people who know the gambling business. And believe me, it's a much underrated business. It probably takes more know-how than any similar business I know of. It may be a peculiar kind of know-how, but you either know how to run a gaming business, or you don't. And if you don't, you're

in trouble. And there's no place else that they can get this experience.

So we began to find out that practically everybody that we began to investigate had been arrested for illegal gainbling, had some charges on their record. Also, along with that, something that's well known to law enforcement officers, there was sometimes some harassment, or nuisance charges that were thrown, simply because they were known to be characters. Anybody who operated illegal gambling was looked upon in the same class as a bootlegger, or a hoodlum, and just had to put up with it. So sometimes, there were harassment charges. Sometimes there were unproved charges that could be refuted, and it turned out later, were not true.

But anyway, this was the one we ran across, and we finally had to lower the real rigid standards that had been existing. I guess, in some people's minds, that we were only going to have the people who were unquestionable and Simon pure as gambling licensees. And we just found out—and it's always been the case—that you've got to treat it as the kind of business that it is.

I thought we'd never get over that Mapes situation, and I think Tommy Craven did, too, because it pretty near got both of us down, trying to get the thing straightened out to get started.

Wow, we began rapidly running into problems of control once we got into the field. And at this point, we were not operating under any provisions of law, but under a broad interpretation of an attorney general that said we had these general powers of a public body. So, most everything we did was subject to question, subject to possible suits, and it became more and more a question of what we could do and what we couldn't do.

By the time the '49 session came around, there were some changes that were evident. We had written into the law the powers that the attorney general had inferred by our broad interpretation, and had specifically written into the law that we could go into the antecedents, habits, and background of the individual's background. We could get fingerprints. We could do these particular things as a matter of law. But it still left, of course, a lot of gaps. We hadn't administered it long enough to see all of the roadblocks we were going to run into.

I'll have to correct one statement there. The 1947 session did write these provisions into law as to some of the control items, and it also instigated the table tax, the sliding scale table tax. And I could just explain that briefly by giving the general opposition to a flat tax per table, such as the original bill carried, where a crap table, for instance, paid a hundred and fifty dollars per quarter. It came out in the early discussions of the bill as the merits of this bill versus the gross-type tax, that you couldn't measure it—as I used to use the example—you couldn't measure a table in a little saloon in Battle Mountain in its ability to pay taxes, as compared to a crap table in Harolds Club. In other words, the business they did, the gross they produced, made a lot of difference in its so-called ability to pay taxes to the state, and that you just couldn't rate them on that basis. This is the general argument that was used in favor of a gross tax.

Of course, the gaming industry then, and still does, as I represent them now, believe the gross tax is unfair in that gross is not necessarily synonymous to net. But admittedly, this nebulous theory that everybody searches for in taxation, the ability to pay, you've got to recognize the fact that a flat tax just can't cover that.

So they passed a sliding scale table tax to pyramid onto the two percent structure that they had. It was on a sliding scale from \$750 for three games to a tops of \$30,000 for twenty-one games or over, and \$20,000 for fourteen to twenty games.

Now, also, at this time, there develops a theory that still exists, to a point, although it's changed quite a bit in recent years in dimensions, and that is the willingness of the gaming industry to pay a tax of this kind. I was thrown up against this during these years because I was doing the state budget. And quite often, there were complaints of heavy lobbying on the part of gaming interests. They did. And at that time, there was no coordination. It was just the individuals who felt that they could contribute anything, or had anything to say, would come up to the legislature and start talking to the legislators.

As the person who prepared the budget, I was constantly approached by them in this respect. As a matter of fact, this was my first contact with Bill Moore before he ever came on the Tax Commission. They would come to me and say, "How much money do you need to do these things?" particularly for the schools, because, even then, education was the main question, "Can we get more money for schools? Can we get more money for education?" "How much money do you need?"

And I couldn't ever quite explain to 'em that I couldn't determine need, that this was a matter of hammering back and forth between the agencies involved, or the school people, and the legislature, or the governor, and that all I could do was to try to balance the budget with the figures that they come up with. But they just didn't want to indiscriminately be taxed just because they were there to tax. Basically, this was their—I could see their point.

Also, at that time, began to develop a theory that carried over for many, many years, and this is, the more basic the need, the more willing they were to pay the tax if it was earmarked for that purpose. In other words, as I used to say in discussing it with people at the time, "If you would earmark—" and they made it rather clear at that point, or suggested it, that if we would earmark gaming money for education, that they would be more willing to pay it than if it just was paid to go into the general fund and let a group of politicians spend it for whatever they thought was good. But it became very apparent that, on one hand, you had a highly privileged industry in which the state theoretically always held the whip hand, to say, "Look, if you don't behave yourself, we can always, by one act of legislature, put you out of business." In other words, it's a high privilege, to tie it in by earmarking to the most basic necessity, which would have to be education.

And at that time, there was opposition to this thing on this very basis: "We don't want to tie in gambling, which is a privilege, and make education dependent on it." And, of course, they (the gamblers) were more willing to do it in that way. But basically, this was their feeling, and I can understand it, and can understand it better since I've changed positions, so to speak, and have represented the gaming industry. It did make some difference to 'em as to what the money was going to be used for, and was it necessary. And even then, they were afraid of the tendency that was starting to develop, to just get as much out of 'em in taxes as you can, you can worry about spending it later. You can always spend whatever you can get from 'em. And they wanted to reverse the procedure, and be assured that their money was going for proper things, and that it was reasonable.

I think, in my experience with it, much of the lobbying up there was done, really, on that basis. I know I was subjected to it a lot. It was something they never fully accomplished, and as time went on, why, more and more, the measure just seemed to be whatever the traffic would bear, to get just as much as you can, and then if there was any more money to get, why, you could see where you could get it somewhere else. But gambling was—even in those days—starting to be the first place that they began to look at. Then, when they felt they'd got everything they could, they went to start looking somewhere else. And this is one of the things the gaming industry was fighting at that time.

The table tax was really no problem. It merely distributed the load a little differently, and put some emphasis onto the number of games they operated, as compared to the revenue that you received from those games, and now, you were beginning to get it both ways, from the gross tax, and from the table tax. This became quite important later on, and had a carry over, but we'll pick up this at the proper time.

The period from '49 to '51 was quite a hectic period. We began to run into problems in administration that hadn't been thought of up to this time. The more you administer a law, the more loopholes you see, the more things you see that you'd never thought of before, and it became evident that even by the corrections in that law, that we hadn't taken all of our problems into account, that we still had a lot of 'em to solve.

In the early days of administration, we, of course, in the administrative office were very naive, we were into an entirely new area, and we had to learn as we went along. Originally, when it appeared that we were going to get into more than just collection

of tax revenue, I hired another man to work with Reese Turner on field work and general cleanup work. From that point on, we developed the administrative staff as best we could and as funds became available, whereas I was able to relieve someone else for more work on the gaming side of the Tax Commission administration. I think the most important move, administratively, was when I transferred Bill Gallagher from a desk job, in which he was doing some proceeds of mines auditing, to the gaming administration, and this was the first semblance we had of a separate department, so to speak, within the Tax Commission. Bill headed up a staff of, at that time, two or three men, and coordinated the field work and the general investigations as best he could with the facilities that he had available.

I think, probably, the biggest problem at that time facing us was the problem of the wire service, which furnished the results of the races run at various tracks all over the country to the books (horse) that were operating within the state. And at that time we had quite a few, and it was considered a very necessary part of running a gaming operation.

The Continental Press, as it was called, was a national organization that furnished this service, and it was creating quite a bit of attention. There was definite implications of hoodlum control. There was some evidences of muscle in the operation. However, this was the only way the local betting parlors, the books, could get information for the races. No one knew exactly how Continental Press obtained this information, as the racetracks tried to keep them out of there. But they always managed to bring the race, as it was happening, to the book parlors, which enabled them to take bets as were taken on the track, right up to a couple of minutes before post time.

We began to see in Nevada that there was evidence to make a monopoly out of the local franchise to distribute information. If a book couldn't obtain the wire service, they couldn't operate. And the charges for the service were maneuvered and manipulated around to where there was nothing consistent about them, and they seemed to be made on the basis of what the traffic would bear and what the immediate situation was at the time. There were several places downtown. Practically every one of the larger places had a booking place within the club, and the Strip hotels were beginning to come to it, not because they really wanted to get into the operation, but because it does attract people who like to place bets and to sit there and listen to the races. And they didn't want to lose customers to some place that did have this facility available. So it was growing.

It began to get to the point to where there was a definite indication that the holders of the franchise would not furnish the service to any new applicants unless, as the old saying goes in the gaming industry, they had a piece of the joint. In other words, an applicant would come and say, "I am going to open a book in my place. I need your service. How much is it going to cost me?"

It appeared, from all the information we could get, that an oversimplified answer to the thing was that the holder of the franchise would say, "I'm sorry. I haven't any service available for you. But maybe we can go into the business. If you and I are partners into this operation, why, I probably can see that you get the service." And this was creating more and more unrest, and as the national publicity increased, there was an attempt on the life of one of the main people in the family that controlled the Continental Press, and it was a source of a great deal of concern.

The matter really came to a head after Bugsy Siegel's unfortunate demise. Of course, Bugsy's death, and particularly, the way it happened, created a concern in other areas because he was one of the main operators in Las Vegas. It began to leak out that Siegel was trying to establish a rival wire service, and this was what much of the trouble nationally was about—the attempted slayings, and killings, and things of this nature, was to keep everyone out from the competition, and to keep just one source. It must've been a very, very lucrative proposition for the people who controlled the Continental Press.

After Bugsy's death, it appeared that he had an interest in a number of the places that operated books, particularly in the Golden Nugget, which was probably the largest operator at that time in downtown Las Vegas (and, of course, it was a matter of record that the Nugget management, itself, didn't run this book; they leased out this to other people to operate it, and this is a common practice, because it's a specialized segment of the gaming business), and that Siegel did have, I believe, fifty percent interest in the leased operation. The Nugget decided that they wanted to operate it themselves, and they were told, I think unofficially, but definitely were told that if this was the case, they couldn't have the wire service.

Also, a new person appeared in the picture who, from all evidence that we could gather, merely appeared at these various places where Siegel held an interest and said, "I now have Bugsy Siegel's interest in this place. I am operating it." He gave no legal foundation for it, they had no papers, nothing to indicate this, and it also was an accepted supposition (and, I believe, not concealed as a matter of information) that these people were creditors of Siegel, and had merely walked over and

taken over whatever Siegel had because they had loaned him the money to do this.

We, of course, did not have much specified power in the law. This started immediately after '47, in which we were operating strictly on merely an opinion of the attorney general. Horse race books weren't really specifically mentioned as a game, so we encountered a lot of opposition when we tried to bring some elements of control. And between 1947 and '49—I presume it would have to be in the year 1948—this position became intolerable, and we held a hearing in Las Vegas, a three-day hearing, in which we summoned all of the witnesses we could, and took testimony from the various people involved. Governor Pittman came down to this as chairman of the Tax Commission; Alan Bible came as attorney general for the state; and we did everything that we could to bare all the facts surrounding this situation, which was becoming worse. They, of course, were represented by counsel. They minimized the things that we felt pretty sure were going on. Some of the facts did become apparent, and generally, our idea of the situation as to what was happening, in the light of what I have just described, appeared to be true. The question was, "What could we do about it?" we had no specific authorities in the law, but we did take some actions. We canceled some licenses, we put enough pressure on the holder of the wire service franchise that things at least got back to a little more normal situation.

Our right to do this was contested in the courts. They did file a suit, claiming we did not have authority to regulate this business. They questioned everything possible to question because there was no real specific provisions in the law. It was filed in the courts, and there it stayed.

In the 1949 session, the legislature put in the specifics in the law that these people were claiming in their suits that we couldn't do. The '49 legislature gave authority to regulate the wire service. They required the books to pay ten dollars per day for each and every book that they furnished service to for each and every day. They defined horse race books as a gambling game. They defined the Tax Commission's power to license applicants, to take fingerprints, to investigate the background of applicants—everything that was in the attorney general's opinion, and more, was now specifically written in the law. This, of course, made the lawsuit that was filed against us moot because the authority they claimed we didn't have, or that was only implied authority, was now a specific part of the law.

They also gave us powers to inspect books and records—many of these things that were questioned as we were trying to administer the law. We did go through the books of the various horse racing places, and we were allowed access to them, but at the same time, our authority to do it was questioned.

We retained Semenza and Kottinger, a certified public accounting firm, to do this specific job for us prior to the hearing, and they sent Newell Hancock, one of their CPAs, down. Newell spent some two or three weeks here, going through books, gathering what evidence we could as to the method of operation and how it was handled, and the amount of money that was involved in a booking operation. This was our first experience with Newell, and, of course, later on, he enters into the picture as a member of the gaming board.

We were also given powers to regulate the rates charged by the wire service, which somewhat eliminated this possibility of them

using it as a club over the head of anyone who felt they had to have this service.

This was only one specific aide of the problems that we were entering into. We were beginning to run into, of course, complaints of improper operation, cheating games, and so forth; and we were given a lot of information from various people in the business, particularly those who had some experience in the business and operated it as a sideline. We had our first exposure to the principle of regulating legal gambling, in that if we were to take any punitive action, we had to have some proof. And the way gaming was operated, particularly at that time, this was very difficult to get.

We had many people come to us who said they could clean up all the bad operations in gaming at that time. I asked them what they could do as a matter of proof, and they essentially said, "Because I say so, and I know what's goin' on."

And I said, "Well, I can hardly go and take as a basis of a legal action merely the statement of somebody who says this is going on" (and most of them even reserved that to say, "I wouldn't appear publicly and say this, but I can tell you that this is what's going on").

And I said, "Well, it's rather difficult for me to come and say, 'Well, Mr. X has told me that this thing's goin' on, and therefore we revoke your license.' "

We were able to operate from the '49 [legislation] much better than we had before because we did have some specific provisions, but even these were sketchy. They were broad in their terms, and as we went along, of course, we ran into more and more questions as to our authority. We never had too much out-and-out revolt on the part of a licensed operator as to our authority, because I think it was becoming to be recognized that gaming was

going to have to be regulated, and they just didn't want to oppose us that much. But we did run into a lot of grumbling about it, a lot of questions that our action might be questioned in court, and this was something we just had to feel our way through.

We also found but, as we went along, that it was difficult to investigate the places in the state. We only had three or four people working for us—I believe, probably, it was three at that time. They were well known to everybody. There were lots of rumors of bad operations, cheating games, and so forth, that we were required to look at and to investigate. And it was very difficult to do with a small staff of people that were known, none of whom were gaming people, and feeling their way along in the business.

And let me say here, we had, in the early years, quite a problem with some cheating operations, but I don't mean to imply by this that this was a general condition at all. Most gambling places then, as they do now, that were large enough to operate a business attracting a lot of people to them, recognized the fact that the odds were in favor of the house, and all they needed then, as they do now, is to get sufficient customers to play, and the law of averages will take care of them. As I had told Bill Bailey once, the house side of the picture was the side that had the odds in their favor, and if they can hang out, they're going to make money off of it, if it's properly operated. But because gaming had never been regulated, had passed from a time when it was illegal to a period after '31 when it was legal, and there had never been any specific control in collecting a license fee, there were operators that I'd like to refer to as marginal operators, who were operating games in small places of business, who were operating in various places that did not have a good operation,

and some of them were taking advantage and operating what we would term as cheating games. We began to learn as to how this was done, and the methods used in operation.

Some of the places, the wayside places and the late night spots that were operating in out-of-the-way locations, or that were operating in a little bus station along the highway, little places we might call “traps,” were doing these things. And we had no difficulty in finding it out, because to the people who were involved in a day-to-day basis in the industry, this became fairly common knowledge. Our problem was how to prove it, or to prove it sufficiently that we could go before a board and revoke their license. We began to see, even in those very early days, that it’s a very difficult proposition. cheating operates on two sides of the table—I’ll try to go into that later in a special discussion of cheaters on the other side of the table, the outside, as they call them—and it’s hard to obtain evidence that’s sufficient to justify the revocation of a license and taking away a man’s privilege to operate.

We did find out in the early times that some marked cards were being used, cards that had been either crimped or some mark placed on them so that they could tell, particularly in a “Twenty-One” game, whether they were high or low cards. And we did manage, on the basis of information that we got, to swoop down on some of them, confiscate the cards. When we did this, we had some evidence. I think we got perhaps half a dozen places in this category. And then we were told that all of the marked cards were burned, and that anybody that was using it was using a different method of operation, in other words, it’s a matter, almost, of sleight of hand.

Dealers in the “Twenty-One” game (and this was primarily where most of the problem was) don’t deal the bottom card from the

deck, as a lot of the fiction stories of that time would indicate. They did know how to take advantage of the odds and what was referred to in the parlance of the trade as “going for the second card.” They were able to take the second card from the top by a sleight of hand manipulation that was very difficult to detect. Also, instead of marking the cards so they know what the top card is—and that’s the important one in dealing “Twenty-One”—the important thing there is to know whether it’s a high or a low card, because this gives them a terrific advantage if they know that. Of course, techniques of what they call “peeking” was well known, where, in a sleight of hand manipulation, an accomplished dealer could flip the corner of the card and see the nature of the card without ever being exposed. They do it in a very natural motion, and once they knew what the top card is, then they know whether to go for the second. Now, they don’t know what the second card is, but they’ve got one extra chance. They’ve got a little more odds in their favor. Because if they know the top card is not the proper, right card, either for the customer or themselves—in other words, if they know the top card’s going to make the customer’s hand, or if it’s going to break their hand—they just increase the odds by going for the second card, because then, now, they’ve got another lease on life. They’ve got another chance which the customer didn’t have.

So they were starting, now, to leave the principle of marking cards so that they could detect whether the top card was a high or a low card, and using other techniques. This became more difficult, as a matter of evidence, and the problem still exists. It hasn’t changed in nature, in that all you have is observation. Your own man, or somebody that’s retained by you, can say, “I saw him take a second card.” But it’s very difficult to see. I’ve learned, and as people in our administrative group learn, that

even the expert many times doesn't physically see the dealer in the process of peeking, or in the process of taking a second card. As the saying goes, "They know by the motions." They know by the way he moves. And if they'd been exposed to the game and spent their life in it, they instinctively know that the man's doing this, but they can't honestly tell you they saw him flip the corner of the card and look at it. They merely know the way he conceals his hands and the way he operates that this is what they're doin'.

It became more and more important to us, as time went on, that we have people in the field that were knowledgeable and not recognized by gaming operators if someone comes from the Tax Commission. It's hard to put anybody on a public payroll (it's a matter of public record—it should be) and very easy for anyone to determine who works in the Tax Commission, and we found that the minute that any of us put in an appearance, we were immediately known, recognized, and the information was passed out to everyone in the house that we were there. So I brought this question to the legislature's attention, and they pointed out that it was just impossible to conduct what might be termed an undercover operation with public funds, and that it was very necessary for us to get information of these operations from people who knew the business and could tell us what was going on.

So in 1951, the legislature put in what was then termed the "secretary's revolving fund," an entirely new precedent, I believe, in operations of state government—at least, to Nevada—and they appropriated \$15,000 which the secretary could spend at his discretion without having to put in a claim through the State Board of Examiners, and through the controller's and treasurer's office, and making an immediate public record of every expenditure. They did try to throw what

safeguards they could in, saying the State Board of Examiners could orally examine the secretary on things of this nature, but it didn't become a matter of record, where people could detect our operations, it was intended primarily as an undercover fund, and it was used in, later on, an outside investigation. The \$15,000 appropriation was set up, and as I spent money out of it for various purposes, I merely put in a blanket request, stating that I spent this amount of money in investigations, and it was reimbursed. That form, I believe, still exists today. It's a necessity if you're going to operate on any kind of an undercover basis.

I didn't use a lot of it in the early years. I don't believe in those early years I ever spent more than four or five thousand dollars of it. But I did use some of it to obtain information and to put people into the fields that were not known to the industry. I believe we began to clean out a lot of these traps that were operating.

We had another advantage in that the operators of these places, themselves, had no experience with a legal operation of this kind, where it was being conducted as a matter of public control. They didn't dispute us too much. They knew what they were doing. They knew that we knew what they were doing, and in many instances, this was about all we had to convince 'em of. They really wouldn't put up too much opposition beyond that.

Bill Moore used to help us in those days. At one time, we went through all the operations in the city of Reno and surrounding area and got a list of places that we thought were marginal operations of this type and were taking advantage of the public. I made up a list from the basis of information that was furnished to us, to the staff and myself, by people who had come to us with information. Bill made up a list from people that he could contact in the business.

The legitimate operators wanted this thing discontinued, and would do anything as a matter of information to help us stamp this out. And it wasn't widespread, as I'm trying to emphasize; it was down to relatively few places.

I went to George Southworth, Sr., who was on the city council at the time, and he talked to people. He's been operating for many, many years in Reno, a cigar store, and knew everybody in the business, and he came up with a list, and we compared them. And we found that—as I remember—we drew up a list of ten places around the northern area, and may have extended even a little to some Lake Tahoe operations, that everybody felt were not operating properly and were taking advantage of the public. And it was remarkable how accurate the list was. There was little disagreement. I believe that probably at least eight of the places were on everybody's list, common to everybody's list.

The first real undercover operation that we put on to any extent, other than a hit or miss operation, was when we hired Johnny Laxalt, who was then a senior in Santa Clara University, been raised in Carson, who, as a hobby, had taken up this sleight of hand work to see if he could do it. He had two or three—one, particularly—very good friend who was a gaming man and had been a pit boss and just knew everything—knew all of the tricks of the trade, and he taught them to Johnny. And Johnny could pull a second card about—he could do it pretty well. I don't know that he would have passed a test to operate a cheating game, but he could do it quite proficiently. He used to practice before the mirror when he was in school to see how he could do this without being detected, and he got so he could recognize anybody else who was doing it. And Johnny, being of college age, was an excellent person to use. He could get into these places,

he could hang around them, he knew other young people in the area and mingled with them, and watched what was goin' on. And he brought us a lot of invaluable information.

At that time, as I say, we'd go to these people and say, "Now, look. This is what you've done. We know what you're doin'." We described what they'd done, we described who'd done it, when, and we said, "We're going to bring you up for revocation of your license." I believe most of them wouldn't even contest it. They'd just surrender their license or get out of business. They didn't want the publicity; they didn't want to fight it. We weren't too often required to come up with proof. We could describe situations, we could describe what was happening, sometimes we described who was at the table and how it was done. And we cleared out a number of 'em. I believe in Reno, Carson, and Lake Tahoe area, Johnny got about six of them that were operating on this basis, and we got 'em out of business.

Then we began to run into a few more that were a little more hardened, and who also were able to conceal their operation well enough that we really couldn't come up with that much proof on it, if you want to call it proof. Yet we were very certain that they were doing this. I can remember once in a session of the Tax Commission we brought a number of them in, and Bill Moore talked to them and told them what they were doing to legalized gambling, that everybody was going to lose if this thing went on, told them that he had information that they were not operating properly, and that he knew it, and it was a matter of proof, that they better get on the right side and start operating like everybody else did, or else they were going to eventually get caught. And we used this approach. And some of 'em would come and talk to us afterwards in the office. I can't recall any of 'em that really ever denied vociferously

the fact they were doing it when they were confronted with evidence in this manner. And this may have done some good.

Johnny went out in the state, too, made some observations. I think, by the time the summer was over and Johnny was ready to go back to school, finally he was spotted. I think it was about Labor Day, and the last observation he made, suddenly, somebody in the business got wise to the fact that he was doing some work for us. This was ideal because Johnny was not associated with the business in any way, he was not beholden to 'em, he'd done it particularly as a hobby, and he really had done quite a service for us.

After that, I began to hire, on a contract basis, people who could give us information, and could tell us what was going on. And we were able to, I believe, hold it down to a reasonable degree. Once you get the marginal operation out of business, you don't have the problems.

The problems we were running into in those days was any little bar, any little place along the highway, on Lake Tahoe, or on the side streets, felt they had to have one or two games, generally, a crap game and a "Twenty-One" game. And they weren't getting enough business to make enough money out of it. It's just strictly a matter of volume. If you get enough volume, and the operator operates it properly, he's going to make money. The legitimate operator knows this. But these places weren't. They were marginal places, and the only way that they could sustain their operation was to take a little of the best of it, as the saying goes, increase the odds in their favor.

It was mostly in "Twenty-One." In a crap game, there is physical evidence. In other words, the dice have to be tampered with in some manner, and this leaves evidence. There wasn't that much of it going on. There

are, of course, ways in a crap game. The thing you hear the most, the reference that you hear the most, in the old parlance of the players, in what we called the blanket crap game, or the alley craps, is loaded dice. This was a misapprehension. Every operator in the business told us that if anybody put any loaded dice in the game, by the time it took the second bounce, an experienced man could tell there was something wrong with it because they operated a little crazily. Most of the problems in the crap game were, and still are, not with the house putting in dice, but the outside player. Occasionally, somebody might try a loaded die or dice in the old days, but they found out that that didn't work. But there are other methods of changing the odds a little bit. And the thing is the switch—somebody gets into the game and switches some dice into the game—and this, of course, tests the proficiency of the men operating the game. The less experienced they are, the more susceptible they were to being cheated.

And incidentally, these small places that I refer to [as] marginal operations were also a prime spot for cheaters, because they'd come in and cheat 'em from the other side of the table. Sometimes it was pointed out to me, and I think was probably true, that some of the cheating that went on in the house was merely to get back at a guy they knew was cheating them, and getting down to who can do what to who the most. But the crap game was not that much of a problem; I don't think ever has been. I think ninety percent or more of the cheating that goes on, goes on from the customer trying to cheat the house.

We did run into one incident that was rather interesting. I was asked to contact a man in Boulder City who was a park ranger. He was very concerned, and brought out a pair of dice that had the insignia of the old Railroad Pass casino, which operated about

five miles from Boulder City on the junction of the highway to Searchlight, and down south. And they were obviously loaded dice. You could see the weights in them, and you could see that they had been tampered with, and they had the insignia of the Railroad Pass casino. (This was in the early days. I don't think there's any gambling game operating there any more, and hasn't been for a number of years.) And he was quite upset. He said that the dice had jumped the table, and he'd picked them up on the floor, put them in his pocket and forgotten about them—this was on New Year's eve—until the next morning. And he got 'em out to look at them and saw that it was a loaded pair of dice beyond any doubt. So he wanted to know what to do with them, and somebody told him to get ahold of us, that we were the control agents, and so forth, in the area, that we would have to carry it on from there.

This put us into quite a dilemma. We had learned a little about the card games and the "Twenty-One" game. We knew very little of the crap game, and we spent many, many hours trying to figure out or trying to get information from people in the business without telling 'em what we had in mind as to what might've happened. I can remember us trying to see how they would operate in water. I think we even—Bill Gallagher and I even filled a bathtub in our motel room and tried sinking 'em to see how they operated. And we borrowed a table, and watched them in operation on the table, trying to learn enough, ourselves, to bring a charge on this issue, and yet not expose in advance what we were doing to the people in the industry. We spent an awful lot of hours in the administrative office. We all tried to learn everything we could so that we could bring this before the commission, because we finally had our first change to bring some concrete evidence before the commission.

I asked the man if he would testify, and he said yes, and this is sometimes unusual, because human nature hasn't changed that much to the present time. We found out that we had a lot of people that were willing to tell us what was going on, but they were not willing to become any further involved, and get up in a public board and testify as to what they'd told us. It was always on the whisper: We'll tell you what's goin' on, but don't quote me. I tried to tell em, "I appreciate the information, and it's good to know. But I can't do a thing with it, just something that's whispered in my ear. We've got another job to do here. We've got to be fair with the operator. And we've got to be sure that we're right if we're going to put a charge of improper operation against him, that we're not doing him an injustice." And this was pointed out to us very quickly in this particular hearing.

Finally, we issued a revocation notice and told the man to appear before the Tax Commission, [that] we were going to revoke his license. Well, naturally, he asked why, and we said, "You are operating a cheating game, and we have proof."

Well, he wanted to see the evidence, which, of course, is natural. And we said if we did, then he'd know as much as we did, and we wanted to see what he had to say about it. (Of course, this has always been a problem, still is, although it's been resolved to a great extent.) The people immediately wanted to see the evidence against 'em, and this is a legal principle, and they're entitled to it. But we tried to point out that this was a little different business. This was a privileged industry, and if we showed them the evidence we had, they had far more experience than we did, and by the time we got 'em before the commission, they could have a chance to build a case against us and completely discredit us.

So the man did come. He brought an attorney, and he came to the Tax Commission meeting, and we drug out our dice, and we drug out the statement from the ranger who had given 'em to us. The man said he'd appear if necessary, and he gave us a notarized statement. [We] introduced the statement, and virtually said to them after we had it, "Now, there's our proof. What are you going to do about it? We can prove this by testimony this came off of your table, it was from playing your table, and it's loaded."

We, of course, recognized the fact earlier that there's two types of loads, as there is in any other tampering of the dice, those that favor the house, or those that favor the player. Of course, this can be manipulated a little by the way the game's going. And we never could get quite enough information on it, or learn quite enough about it to really satisfy ourselves, that we could definitely prove that this was a house load, so to speak. It isn't positive, because the situation, the need, can change.

This man is dead now, but was a man who was not really an old-time gaming operator. He had been a secretary, a shorthand expert, in the days of the building of the dam, and had merely set up this little place outside of Boulder City because gaming was not allowed in Boulder City. This, of course, was right on the outskirts and was where everybody went, and neither could you get any liquor there (and that hasn't changed too much to this day). And people who wanted to have a cocktail and go out for dinner or to gamble a little bit, of course, all went to this Railroad Pass. And he had learned a little, as he explained to us. He'd learned a little about the gaming business as he went along, enough, he thought, to operate it. He had to hire his people. So when it came to the hearing, he said, "Let me see the dice."

So we showed them to him. And they had—as I remember— on his insignia a little train, a little railroad engine, a Railroad Pass insignia. And the minute he looked at it, you could just see him pull in a big sigh, and he says, "Oh, am I relieved!" And then he took the dice, and said, "Now, I want to show you this. This is an imitation of the dice that we have on our table, and I'm going to show you one that comes from our table. We have access to our stock. We have them commercially made."

This thing was done by someone who knew a little about engraving and had been etched into the die. You could actually see little places where it got off, a little shaky, where the other was machine made. And he was able to establish, without any question, that the dice had been thrown in by a player, were not the dice of his club, and that he was being wrongfully accused. And this was quite a lesson to us, because we recognized that he was right, and we just weren't sharp enough in the business at that time to detect the things that he could detect because he was quite familiar with them.

It taught us a lesson, also, that there's always two sides to the question, no matter who the person involved is, and they're entitled to the protection of the law, as well as to the other side, the punitive punishment of it, when they are guilty. And it is possible to wrongfully accuse a man, and that it's quite a serious thing, to put a man's license in jeopardy. There's so many things that can happen in a gambling game that you can't really determine whether somebody has done it from the customer's side of the table or whether it's been done from the house side of the table. Proof is a very difficult thing to get.

We never had a case, in the early days, at least (and they were very rare in all of the time that I was with the gaming end of

the business) involving a place of any real size. It was the small operator, the marginal operator, the fringe element of the business. I don't think anybody could ever guarantee in gaming, as in any other business, that every operator in the business is scrupulously honest. One of the first things we ever pointed out in this case was, "You've always heard of cheating butchers that weigh their thumb, of people who would give fifteen ounces to the pound, and who take advantage of the measurement of gasoline—that's the reason you've got state weights and measures, and inspection of these these-things," because there are people in the business that've taken advantage of it. But in the gaming business, there's just more made of it when something like this happens. I think this is still true. But even honorable professions have got professional boards—law, medical practice, accountancy, and everything else—that regulate the ethics of their people, because there always are that small group that do take advantage of anything, to take, as the gambler might say, a little of the best of it. And when we first came into the business, of course, I think there was more of this going on because it wasn't on a regulated business on behalf of the small operators. But I believe that that it simmered down to where you could safely say that— even today—that it's a very small part of the operation. You may always have somebody that takes advantage of it, but it's pretty well accepted that—in a legalized business, as gambling is in Nevada—there has to be some control on it, and I don't think it's a major problem.

Of course, administration has gotten more sophisticated as the years have gone on. The administrations that succeeded the ones that we were involved in, of course, were more experienced and more sophisticated than we were. I think, today, you have a very

sophisticated operation. When we started out, I don't think we were spending fifty or sixty thousand dollars, a biennium in administration. And, of course, that's changed through the years. I don't know what they're spending now, but I know that it's many, many times that amount, and has to be.

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Another aspect of the business that was beginning to develop that was very much of concern to all of us was, as gaming became more prominent, [it] began to filter out beyond the borders that it was a very profitable business, it was a legal business, we were beginning to attract a lot of people. It was growing by leaps and bounds. And to a lot of people Nevada was the proverbial pot of gold at the end of the rainbow. They began to think that all they had to do was to come in here, go into business, operate a gambling business, and make all this fabulous amount of money.

So we began to get more and more people that wanted to get into business that didn't know the gaming business. This is where our friends, the crossroaders (the cheaters on the customers' side of the table), come into the picture. We tried to point out to them that they were prey to these people, and if they didn't know the business, they couldn't protect themselves. In other words, that's the expression that's used, "The house has got to be able to protect itself." And if they couldn't protect themselves against these people, they'd go broke in short order. Whenever there was an opening of most any kind of place, but particularly some of the smaller places, this fraternity was always out in full force. Like any other opening operation, it had to have its shakedown period—they didn't have a well-coordinated crew of people—

and these crossroaders're smart enough to take advantage of that. Sometimes, they were able to virtually break the place the first night before they got wise to what was happening to 'em. And this opening night was always an invitation to all the members of the fraternity. The larger the place and the more facilities they had available, of course, they could almost detect many of them at the door. They'd detect them at the door, and as I pointed out, would buy 'em a drink and tell 'em to go on about their business. This was the way they protected themselves. Once the man got into operation, it was very difficult to keep him from taking advantage of the place and making a little off of you, at least. The old saying was, "The only real protection you've got to keep 'em away from the table. But once he gets to your table, there's just too many things to watch, too many people, and he's going to get you, if he's good enough." And they did.

We were beginning to point this out to people who were coming in, becoming applicants for gaming licenses. We began to get people who had made a lot of money in other businesses who decided they'd come get into the gambling business in Nevada. Virtually, we got—as the old proverb goes—the butcher, and the baker, and the candlestick maker, that had made his money and been successful in another field and decided he was going to take advantage of the money he'd made and come out here and really get rich. (Practically, we got everybody but the candlestick maker. I never ran into one of those. I did have butchers, bakers, automobile dealers, a man that had been in the wholesale hardware business, a man who had operated one of the most successful nightclubs in New York and Florida, a cut-rate gasoline service station operator who owned two or three hundred cut-rate service stations—all of 'em

wanted to put their money into the gaming business.) And the first question that I would ask them was, "How are you going to protect yourself? You don't know anything about this business. How are you going to protect yourself from [cheaters]?"

Well, of course, they all pooh-poohed that and waved me off, and said, "Oh, we can hire capable people."

I said, "You've got to know the people in this business. You probably hired just the wrong people that'll be the first to take you themselves."

So I always used to have a little session. It never did much good, but it at least got us off the hook, so to speak, a little bit. I talked to 'em and told 'em, "Now, look. You'd better be very careful, to be able to protect yourself." Yet it put the commission in this place: "How can you deny this man a license?" And they'd come up, sometimes with attorneys, "Here's a very successful person. He had no criminal background. He's never been involved in anything illegal, he's not been an illegal gambler; he's an ideal licensee, the very ideal man you want."

And as it turned out, we went through what I call an era of this, particularly in Las Vegas. He wasn't the ideal applicant at all. Because he could get you into more trouble, faster, than anybody you could name, practically. They'd get into internal troubles—didn't know how to protect themselves from the inside, from their help, their own help. They didn't know how to set up an operation that could protect them, or that they could trust. They didn't know when they were being taken by either somebody from the outside or inside, and many of 'em were taken from the inside.

I can bring one to mind that I never forgot. A man came to me, came up for a license, that had operated a chain [of]

cut-rate gasoline stations in three or four states, was a wealthy man, I'm sure, and had been a success in his business. He wanted a license to buy a place in Hawthorne, a good place that was being set up there, had been built by a man who knew the gaming business, incidentally, but was selling out. As I remember, he was to get \$100,000 out of the place in payments. He was to pay him \$25,000 down, \$25,000 in each of three payments over a period of time.

I talked to this man very frankly, and tried to tell him. Yet you have to be diplomatic, because you couldn't tell the man, "Well, now, look. You're an ignoramus, and let me tell you the facts of life." You can't treat them like a child. On the other hand, you have to try to get your point over. So I talked to him. I told him of the hazards in the business, and that he'd probably be taken. This was an ideal place. Towns like Hawthorne, Fernley, Eureka, Austin—small towns—Battle Mountain, Wells, Wendover—and just name 'em—were just ideal spots. because they are more or less unsophisticated operations, and these crossroaders've got 'em cataloged. They know everything about 'em.

And he listened very carefully to me, and I told him. I said, "Now, we can't deny you a license. You've been operating a legal business, you have absolutely nothing in your background, and you could go into any kind of restricted business. But we're tryin' to tell you, you've got problems."

I said, "Listen to me very carefully." He said, "I know, Mr. Cahill, exactly what you're tryin' to tell me." lie was certainly an astute man. "But," he said, "you're wrong." He said, "I have survived in one of the toughest, most cutthroat businesses in the world, cut-rate gasoline business." He said, "We are despised by our own people, and people in the regular gasoline business." He says, "We are thought

to be crooks by people we deal with." He said, "We're just maligned from one end to the other. It's one of the most difficult businesses in the world to make a living at, and I've been very successful at it. I've never done anything wrong. I made a lot of money in it, and you can't tell me the gaming business is as tough as this. So I'll take care of myself."

And I said, "What'll happen to you? You admit you know nothing about the business. Anyone who has a financial interest in it knows nothing about it. How are you going to protect yourself?"

"Well," he said, "I can hire people to protect me."

I said, "Do you know enough about them that you can trust, that won't turn you around, or—?"

He said, "Well, I've been in business long enough. I think I can judge people working for me."

I said, "Suppose you put all your trust in one man and something happens to him? Supposing he dies, or supposing he quits?" I said, "These people are very astute. They can spot you inside of eight hours. The word'll seep out, and they'll know."

He said, "You don't have to worry about it. I'll protect myself."

So I said, "All right. I'm sure the commission can't deny your license. You'll undoubtedly get it."

He thanked me very much for my concern, he put in his \$25,000—or more (I can't remember). I guess that was as far as he got. I don't know how long he'd had the place open. It wasn't very long. Maybe he'd had it open long enough to put in his second \$25,000. But anyway, I don't think it was open over a month or so. And he was here in Las Vegas, and he'd keep his wife up there to kind of watch things, and to run the cash register, and he had this man running

the gaming operation that he trusted. And the story, as I got it, the man, late in the afternoon, had a heart attack, or evidences of a heart attack, and had to go home, leaving the operator's wife and some dealers there, and the crossroaders moved in on him. I think probably as long as it took them to get from Reno to Hawthorne, they were there. They set up his crap game and started to—as the expression goes—to take 'em down. And, of course, they had a number of players of the game—a live game always attracts players—and the thing went on until they'd about taken the house bankroll. And about the time the wife found this out, they'd cashed in. By the time they'd cashed in and left, they found that their bankroll was just about gone. [They] had been taken. Practically everything in the place—as I'd warned him—they'd take the chairs if they gave 'em a chance. He evidently had told her of these conversations that he'd had on this thing, and of the pitfalls—she suddenly realized what had happened to her.

This is always the case, something of this kind. People get a delayed reaction, finally—they do in any field or business that involves con artists or con people. Their reaction—they always wake up, but it's generally too late. She was running out after them screaming, "Road crossers. Road crossers We've been taken! We've been taken."

Well, then, she began to get a lot of poor advice, or advice of bystanders. And so she went out and—as the story was told to me and was recorded later—she went out and swore out a complaint against them to have them arrested. And by this time, they'd gone from this place to the place across the street (it was the main gathering place in town, and the biggest place in town where this thing is). So she went and recognized some of the people and had them arrested for cheating them, without really realizing as to how much proof

she had. (I guess some of her employees told her what had happened to her, somebody in the place.)

But, as it turned out, she'd arrested the wrong people. These people were quite well known people. They were salesmen. One group was traveling; they were merely staying in Hawthorne overnight and were playing at the crap game. Well, of course, they were getting the advantage of whatever the professionals were doing to them, because they were winning, too. As the experience went, they were just riding the game. They were riding the shooter. And the shooter was takin' 'em down, and anybody who was bettin' the table, of course, profited along with 'em. And, of course, it was not difficult for them to prove who they were and that they weren't crossroaders, and that she had the wrong people. I don't know how she got out of that one, but they got out of trouble.

But our friend abandoned the business, walked off and left the money he'd put in it, and stayed in the cut-rate gasoline business. His family is still in that business today, and I'm sure, have done very well at it, as long as they stayed with what they knew.

We had an era of this in Las Vegas, which I called the era of the general businessman. Places were starting to spring up and open all around. We had a number of major places being opened by people like this. The operator of a very successful nightclub—oh, I'm sure he is not around any longer—opened a place in Lake Tahoe, and he gave me the same story. He said, "I've been in the toughest business in the world. I operate two of the most successful nightclubs in the country. And," he said, "I'm exposed to professional people. I've got to protect my restaurant. I deal with entertainers—I'm in the toughest business in the world. You can't tell me the gaming business is tougher than that."

I said, "Well, I can't tell you that it's tougher. But I can tell you, you don't know it. And if you don't know it, you're going to get taken."

He went with a crash in that first year at Lake Tahoe. One thing I will say for him, he made a very sensational crash, and then came back the next year to fight it all over again. I've always felt—and I may be taking too much credit—I always felt, because I'd gotten into such violent arguments with him on a personal basis, that he came in the second time primarily to show me I was wrong. And he went broke again.

We found these were people you had nothing to deny 'em a license for. You just couldn't say, "Look. You don't know the gaming business; therefore, we deny you a license."

I found out early in the business, from my attorney friends, that when they started voicing their opinion, that I was pretty sure of it, and would tell 'em, "Look. You can't run this business successfully." One of my very good friends, as an attorney, turned to me in front of the commission, and said, "Who are you? God? Are you endowed with the all-seeing powers that you can tell a man that he can't invest his own money and lose it, and that he can't make a success of a business? Can you tell anybody that comes to you for a license and tell 'em, 'Well, look, you're not going to be successful in this business. I'm not going to give you a license?'"

Of course, the answer to that's obvious. You can't. You can feel it pretty well, and feel that you're right. You're not always right, either. Of course, some of 'em, you're wrong. And, "Can you tell a man he can't invest his money and lose it?"

The other side of the picture is that when a man exercises his inalienable right to go broke, he often takes others with him,

creditors as one example, and gives adverse publicity to the state and the gaming business generally. It hurts others besides himself.

So we got them. We had a very successful automobile dealer who got involved in the operation of the New Frontier when it was enlarged and started out. The Royal Nevada was opening, which is now part of the Stardust. The Moulin Rouge was being promoted in West Las Vegas, and got national publicity, made the cover of *Life* magazine as a new operation, what they call *the black and tan operator*. There was a place called the Desert Spa that was being promoted in Vegas [by] people from San Diego. These come immediately to mind, and there were—oh, many others. Some brothers who had made a fortune in the baking business in Los Angeles opened a little spot on the main street of Las Vegas, and fixed it up very nicely, and made a grand opening, and I think it took 'em about a month to lose a good portion of the money that they'd spent a lifetime making in the baking business. I don't know—it didn't last very long. And this was going on and on, and was of more concern to us all the time.

And then, on top of this, in Las Vegas, things began getting tougher. The business was taking a little backward turn. And we were also getting the forerunner of what has developed in a more sophisticated way in the corporation, in that, while it was not corporate in structure, they were getting investors to participate in it from all over. And we'd find that there was a number of people investing in this operation, and had been sold an interest by somebody else who, as the saying goes, got a piece of the joint, from one percent on up. They were scattering their action, and they were getting into trouble. They weren't well financed. The people didn't recognize the problems. The gaming business, the operation, was based

on money, and they should have plenty of it. Everybody was—a lot of 'em, at least—were trying to make a killing with the least amount of money that could be invested. And places began toppling right and left. Then we began to get internal structures. We were beginning to get two different factions struggling for control of it; they were beginning to fight amongst themselves. And then they'd go out and interest new capital.

The Moulin Rouge went broke with a bang. They had some fine businessmen invest in it, men who made lots of money in the restaurant business, and entertainment business, and other fields. The sad part about it was, they were goin' broke with a bang. It was a sensational, headline incident, not only here, but all over the country. The Royal Nevada crashed magnificently on New Year's Eve. When the word got out that the place was going to go under, the people were—the bartenders and others were—taking all the money out of the cash register because they hadn't been paid recently, and they knew that this was the last chance. The floor people were taking money off the tables and stuffin' it in their pockets—in other words, the old principle of the offset, "They owe me, so I'm going to get mine now." Other people were running around, trying to recoup some of their investment. There was just complete chaos. And this was on New Year's Eve.

This illustrates an incident of the old people, the oldtimers in the gaming business. (I was told this, and I'm sure the story is absolutely true. I know the people involved and verified this from a number of sources.) When it became apparent—and these things leak out through the people in the trade, as well as the crossroaders that are very perceptive of these things. It travels so fast that, almost before something happens, why, it's across the street, and somebody else knows

—about it somewhere else. I don't think there's any business in the world that this happens to this extent. And one of the operators across the street who operated a very fine business (Moe Dalitz), yet who had always been termed, and probably still is by outsiders, as a hoodlum, was an excellent operator and has done nothing but good things for Las Vegas, built up a fine business, got wind of the fact, and he sent across \$10,000 to them, and just gave it to 'em by messenger, and said, "Look. We cannot afford the publicity of this place goin' broke on New Year's Eve. For God's sake, stay open, and take this money. Pay it back if you can, or whatever you can do. There's no strings on it. But stay open. Don't let this thing happen to Las Vegas. One New Year's Eve, it'll get the attention of the nation."

I don't know what happened to his money. I'm sure it disappeared, because the very thing that he was trying to stave off happened, and it went down with a crash and made headlines all over.

About this time, the Dunes went dark, and maybe not for the same reason, but it was having its financial trouble, possibly underfinanced. And the New Frontier operation never did get off the ground. It had a succession of operators, none of whom were sufficiently financed. They brought Vera Krupp into it, got her to furnish \$300,000. She, of course, was the wife of one of the Krupps in Germany, fantastically wealthy. She was getting a divorce from him, I believe, but had it by her own right. And they talked her out of \$300,000 to invest in the business. We asked her point blank how she could protect herself, went as far as public officers could go, but she appeared satisfied, so she dropped at least \$300,000. How much more, I'll never know, but it didn't sustain the operation. It just kept going from one place to another, and these places, one by one, either quietly or

very spectacularly, went broke, and it created a tremendous situation here.

I guess, finally, the moral began to seep out that, of all businesses, the gaming business has to be operated by people that know their business, that have experience. The ones that don't know it can be—as I have said, bishops of the church and the most upstanding citizens in the world, and they'll get you into far more trouble than the man who knows his business, who might have learned it in an illegal state, and who is subject to criticism, particularly from outside press, and that has the name “hoodlum” attached to him because he was involved in illegal gaming. These are the people who got you into the least trouble. They were more receptive to regulation, because basically, they had a very valuable business, and they knew they had to stay on the right side of the business. (There was kind of a—it could almost be resolved to an expression. We'd tell 'em something that we were not happy with, they'd just say, “Tell us what you want done, then we'll do it.” And they did.) You'd go to a man who ran a successful automobile agency, or a successful wholesale hardware business, or a cut-rate gasoline business, or anything else, who had been brought up in a different type of business field, where he had a right and not a privilege, invariably, we got the resistance, “Who are you to run our business? What can you tell us?” They resisted control more than the very people who were causing the fear might. Because they wouldn't resist us. They weren't used to going into the courts to tell their troubles. They would try to operate in the way that you told 'em that they had to do it, and they'd comply, because they were makin' lots of money at it, makin' lots of money operating it properly.

I guess after a while, this era passed, began to seep out. Many of the places stayed dark

for a long time, and Las Vegas went through a very difficult period. We had some of the same troubles at Lake Tahoe. It was a difficult operation in the beginning. People didn't have the key to it, or the handle on it, and a lot of places went broke. Every time one of 'em did crash spectacularly, it injured the business as a whole. And it was a very trying period.

I might illustrate the philosophy of the average gambler by talking of a man who was down here in Vegas at the time, later was in Reno. A very interesting person, I'll call him Jimmy, which was his first name. He's been in the business, particularly the horse race betting business, all his life, illegally. But he was a very straightforward person, a man who would keep his word, a man who knew the business and knew how to make lots of money out of it without going beyond the accepted standards. I mean, he didn't take advantage. He didn't have to. He knew how to use the odds that were in his favor. But he'd always operated in the other sphere.

He told me of trouble he got into in Los Angeles. He said, “Now, in Los Angeles, I was known as a bookmaker. And,” he said, “they never caught me at it.” He said, “They were after me. There's no question about that. And,” he said, “one time, they made a raid on one of these places, and,” he says, “I made some bets in the place. And,” he said (this is years later), “believe me, I didn't have any interest in it at all, but I was there. They found my name, as a customer, and they found my name in the evidence they got, so they figured that I was guilty of this operation, and I wasn't. So,” he said, “I went out and got an attorney and the attorney said that he'd take my case if I'd give him \$1,000. So I did, and,” he said, “I got no more action from him to get this indictment removed. And I went to him, and the guy finally said, ‘Well, I need some more money, that isn't enough money to carry out what I

wanted to do.' So," he said, "I gave him some more money, and that went a while, and," he said, "pretty soon, I went to him. I'd by now given him two or three thousand dollars and got nothing. I went to him, and," he said, "I found the guy was in hopeless personal troubles. He just said, 'Oh, I just can't take your case.' He said, 'I've looked over it, and,' he said, 'I'm havin' trouble with my wife, and I haven't got time for it, and I've got too many things on my mind. I'm afraid you haven't got that much of a case.'

"So," he says, "I went out and got another attorney. I go through the same thing. They took my money, and," he said, "I got a few thousand dollars to him, and," he said, "I ran into the same kind of troubles. The guy kept askin' for more money, and he wouldn't bring my case up. So finally, I said, 'Forget it,' and I went out and paid the fine. Well," he said, "they fined me a thousand dollars. And," he said, "I'd spent about ten trying to defend myself against it. And it was just cheaper to go and plead guilty to something that I hadn't done."

He says, "Later, not too long ago, I got acquainted with a judge that comes to Las Vegas to play, and I told him my problem and my troubles. And the judge said to me, 'Well, they can't do that to you. Go get a lawyer, show the evidence,' he says, 'that this was wrong. And,' he said, 'go get a lawyer. Take 'em to court.' He said, 'Make 'em retract that.'"

He said, "Me, go to a lawyer, after all I've been through? And go to the courts?" He says, "I want no part of 'em. I want no part of lawyers. I want no part of courts. If I'd've been smart, I'd've paid my fine in the first place, and forgotten about it. I don't understand this operation."

This, I merely point out, illustrates the philosophy, you might say, of the professional gambler that had knocked around all his life

in it. He wasn't used to legal processes, and he wasn't about to fight with 'em. This man, like many others—I dealt with him many times—he never gave me a bit of static, or any of the rest of us that were involved. You'd go to him and tell him you had a problem, and he'd try to straighten 'em out. He wasn't going to argue with you. Of course, the more the business changes, and the more this becomes more of a right, the more resistance you get to regulation of this kind.

I know, from what I saw of the gaming business, and I said many times something I would not say publicly, that, between the so-called (and I quote that, emphasize it)—the so-called hoodlum that everybody criticized for coming into Nevada, and the honest, upright businessman who has never had a blemish on his record, if you give me my choice between the two of 'em to run a gambling business, I'll take the first one every time because he'll get you in less trouble, he'll do less damage to the state of Nevada, because most of them—not all of them—if you can screen them properly, most of them respect the privilege, and knew how to make a successful operation out of it without straining the law in any respect. It's a lesson that was hard to learn. And we did.

This was a phase that passed away. And then we began to get another era [in] which we had capital from other organizations put up, but they knew how to put their gaming operation in the hands of professional people. No real successful operation, I believe, ever continued successfully unless they had people supervising and running the gaming that knew their business completely. And most of the time, it was almost the key to it. These people gave them a[n] interest in the place because this was how they assured they'd keep 'em on their side. They make 'em a part owner, and they get the advantage of the experience, and they know that they're going to protect

them. It's very difficult (as the butcher, and the baker, and the automobile dealer found out) to come in and put up all the money and then hire a bunch of people to run a business for you, a business like gaming.

And so, Las Vegas [came into] what was going to be [known as] the period of the high-rise, and we began to get people in here who brought in capital to put up hotels and to bring people here.

Another lesson that was a part of the era of the businessman, most of these people came in and wanted to put in casinos or casino operations, and didn't want to put up resort hotels, as such. Some of 'em just wanted a casino, period. They didn't want to put up the hotels, and the space, and the rooms, and the entertainers to attract people here to make Nevada what it is, and have some reason for 'em coming. They wanted to let somebody else do that, and they could glean off of the gaming operation.

There was room for a lot of growth in Las Vegas, but the growth had to be proper growth. And people found out that if you wanted a new operation, you [had to] put up a three hundred-room, or, in those days, a five hundred-room, hotel; you brought facilities, and you put in showrooms and all of the things that went with it, and later on, golf courses, all of the things that make it a resort area, to present a whole picture. You shouldn't run a gaming operation, or a slot machine arcade in between two very successful places that're spending a lot of money to bring in people, and live off the people they bring in. This was the problem in the Frontier. It was the problem in the Royal Nevada. They had some rooms, but they were completely insufficient, and they were trying to run a casino off of customers that had to stay somewhere else, and who may have been brought in by people who spent money

for entertainment and the things that attract people here. Of course, that is the basic theory, as far as the gaming industry's concerned, and what is called the red line theory. And that is that you just can't set up a parasitic operation to operate off of the people that someone else brings in, someone who does put up a hotel. You've got to put a rounded operation in to have it grow right.

When we got over that first period, of the people who thought the casino was a source of all profits—and in those days, there was a little different theory; they did operate on the basis, "You make your money out of gambling, and the rooms, and the food, and these other things were very low cost"—in fact, some of 'em lost money on that, and would make it back on the gaming operation.

And it began to straighten out. During what we call the era of the high-rise, you started getting people like Del Webb, and the people who constructed the Riviera, who came in and put up substantial operations, hotels, and entertainment, golf courses to attract people. They began to find out that there was something to the picture other than just a casino.

In the early days, the old early business—Harolds Club, the Bank Club, the old time of the Golden Nugget—these are just strictly casino operations. They were. But somebody had to put up the enterprise to attract the people here and to take care of them after they got here. It was just more than providing a table for them to gamble at. And the early days of Las Vegas, it was the old El Rancho, Last Frontier type of operation, where they were sprawled, ranch-type operations, glorified motels with rooms being spread out. They were very attractive places, situated on acres of nice ground.

But the era of the high-rise came. The Riviera and Del Webb were the first to show

that. They recognized ground was getting too valuable, and they started going up. The Riviera was the first place that ever went up, I believe, in Las Vegas, beyond the second story. Bankers began to become interested in it. Parry Thomas was one of the first who recognized Las Vegas, and to back it with substantial loans, and recognize how it could develop, beginning to teach 'em a little more of other business principles. Up to this time, Las Vegas had been an investment for a group of individuals that had money enough to put [in] a place like this and experience enough to run it. But then, slowly, bankers began to realize that it was a place to invest, and they began setting up high-rise hotels, and things that had to be done on a sound financial structure. Then we got into the era of the high-rise, and the era of people running gaming who knew how to run it, and an awful lot of the troubles that so plagued us for a few years disappeared. And you've got the operation more as you see it today. Of course, it's gone from the era of the high-rise to the era of the corporation, but that's just a part of the procedure and the development of it.

It's always going to operate under some of those basic principles, and should continue to grow. In the period that I was associated with the business, from 1945 to the present time, why, of course, a lot has happened, and there's a lot more sophistication to it. It's developed and grown. We hope it will continue to grow.

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Let's go back to the Tax Commission. As I remember, we left off with the composition of the commission under Charlie Russell.

When Paul McDermott left the commission, Governor Russell appointed Bill Deutsch, a Las Vegas insurance man, to the

position. I believe I covered why McDermott left the commission, his dissatisfaction with the gaming board, and I believe I also covered the fact that Paul, of course, was undoubtedly right. Times since have gone much further than he wanted to go at that particular time, because the center of gaming is down here [Las Vegas], and they now have a gaming board member down here, and an office, and probably turns out, in the way of field work reports anyway, as much or more than the Carson City office.

Bill Deutsch was an entirely different type of person than Paul. Paul was and is a stormy person. He's not at all backward or quiet about his opinions, and expresses 'em very frankly, and everybody, of course, admires him for it, because when you get to know him you expect it of him.

Bill Deutsch was a very quiet person, quite interested in government, and a very intelligent man. He probably didn't have the personality or the overall community contacts that Paul had, but, I think, tried very hard to do a good job, and wanted to do a good job. He was, for a while, I'm sure, politically ambitious. He was a Republican at heart, and interested in the Republican party, and expressed himself well, and wrote quite well. As a matter of fact, he still writes newspaper columns occasionally on subjects that he's interested in. He was a man that probably couldn't transmit some of his ability or intelligence to others and get it over as well as some of them I've seen, but he ran quite deep. We had some problems with him. He was quite active down here, and he was quite interested in the gaming activities and the gaming business. His political concern, both for his party and the governor and himself, sometimes led him to some premature releases or comments when situations got tight, but all in all, we found him a very

satisfactory commissioner to work with, and quite a contrast to Paul.

Bill Newman came on the commission to represent mining after Walter Larsh got off the commission. Walter, as I have covered before, was retired and well along in years. His mind was quite active, and [he] had come from a very responsible position as general manager of Kennecott in Ely. I don't know whether I covered [it], but we did have quite a round with Kennecott over some use-tax issues because they were large taxpayers. In the first audit, there were a number of things that came up that hadn't been interpreted before, and Walter was not happy with the decision that came on Kennecott in this particular issue. I believe he felt sensitive because he was a former Kennecott employee, that he didn't want to put too much pressure in favor of Kennecott because of his position. But he felt quite strongly on this issue. I still think we were legally right in it, in the staff of the commission, but sometimes those points get pretty close. It was a harsh decision. And Walter never took the interest in the Tax Commission again that he did before, and when there was a change of administration and Governor Sawyer came in, it was very evident to those of us that knew him that he'd had it, and that he was ready to retire. I thought a lot of him, and worked very well with him, and thought he was a very fine commissioner.

Bill Newman was a younger man, came from Getchell mines, and was, I think, a Republican appointment. In order to balance the commission, I think it had to be a Republican appointment. Bill was still serving on the commission as the mine representative when I left the commission, and was interested in it, and worked quite hard on the mining portion of it, I think gave more time to it than any of the commissioners did, even Henry

Rives, as far as the mechanics of the law were concerned. Henry was concerned with the mining industry and his position in it, but Bill worked very hard at it.

We had quite an interesting case with the Flintcote companies that are located down here. U.S. Lime was the first case that came up, and we never did get around too far into the Blue Diamond wallboard plant, out here at Blue Diamond, but it was involved in the same issue. And the proceeds of mines law gave us quite a bit of concern, quite a bit of trouble, and it still does. It's probably one of the oldest tax laws that we have on the books, came in to tax the mining industry, or at least to see that the mining industry contributed to the tax picture, in the days when precious metal mining was a basic industry in the state.

The law, as I see it, has not been changed too much since. It was fairly easy to administer in precious metals, because you had a quoted price on the product. The law allows certain deductions to arrive at a net value, or the value of the net proceeds, which are then placed upon the tax roll in the same manner as real property. I've always disagreed with the mining industry; and probably they have more authority than I have as to the nature of the tax. I have always felt that it was a severance tax that was designed to measure the value of the deposits of ore owned by the mining companies, and the measure was only used when it was extracted. In other words, a mining company might have blocked out lodes or ore deposits of definite value, and it can pretty well be determined by mining engineers that it's there. I think the theory of it is that as a value, just the same as a person, you may have several million dollars worth of ore under the ground, and you own it, and it's property, belongs to that mining company just the same as the plant or real estate on top of the ground, but the measure of it is only

measured when it is extracted from the earth. And at that time, they take the value of it less the certain specified deductions, which are basically the costs of extraction, and milling it, and bringing it to a finished product. The mining companies still say that it is an income tax, because it's based, of course, on the income of the mine, and essentially, the value of the ore is the income from the mine.

To me, it's always been a theory that I've followed on the basis I've outlined. Some states actually assess ore that's under the ground, and is blocked out and determined, just as though it was property. You owned it there, and you owned just the same as you owned property of value above the ground. That is considered by many in the mining industry unfair because sometimes, because of necessity, they hold blocked-out deposits of ore for many, many years, and to continually pay taxes on it is a little harsh. But once it's extracted, it's determinable. Gold, silver, even lead and copper, and things of that kind, are quoted on the market, and it's easy to determine the ultimate price that's received from it. You can determine, according to law, or base, much easier the allowable expenses and arrive at the net proceeds to put on the roll.

Well, when you get into the different type of deposits— nonmetallics, as I think they're referred to— such as gypsum, slag, talc, things of that nature (which is a very important part of the mining industry today, particularly after the gold and silver mining went down to almost nothing), it gets to be much harder to determine what kind of a price to fix on the product.

One of our first problems, way back, was in the talc industry, around Esmeralda County. They would take this talc from the deposits in Esmeralda County, take them into California, and refine them. And it was

very hard for us to follow it once it left the state and went into the refining process. I can remember Ed Kitchen, the assessor and sheriff of Esmeralda County for many, many years, taking a piece of the rock, and taking his pocket knife and just shaving a little off, showing me the real good quality talc, and putting it on a piece of paper, and saying, "Now, that, with a little perfume, just as it comes, is Lady Esther face powder," that they get so many dollars a pound for. Yet, other grades of talc were made in what we call tire talc, and very crude grades, and didn't sell for anywhere near the price. Of course, the Lady Esther face powder, or whatever brand you want to put to it, took a lot of refining, a lot of merchandising, a lot of selling, packaging, things of that nature. Others of it was just raw talc that was virtually sold by the ton. We could never arrive at a price to use on that, because they wanted to give us the low price, and they'd assume a price per ton. If you look for a quote on talc, I know that it would all depend on the quality.

We followed this same problem through the years, things that are brought out for special purposes. I think a slag that was mined around Tonopah was used to bank steel furnaces, and things of that nature, for special purposes. One of the best examples I can remember was, they took a product out around Unionville, near Imlay, and I believe they called it sillimanite, or some name quite similar to that, and it was used for making the porcelain core of Champion spark plugs. It was owned by the Champion spark plug company. There was no other source of it in America. It was used for a special purpose, and had no quoted price on it. So the company merely attributed a price to it. And that's when I first began to look at it. They would attribute a price to it that always ended up on a net loss in production, so they always reported a loss.

Yet, when we tried to get our teeth into it, we could find nothing to hang to as to determine a price. I got into one or two discussions over it, and they said, "All right, you determine a price for it. You tell us what it's worth, but back it up with something." And, of course, it was just used for that one purpose. That disturbed me for several years, but fortunately, before it could disturb me too much, they abandoned it altogether. But this was the basic principle that always had concerned us, and the proceeds of mines law just doesn't cover it.

Now, when we got into the U.S. Lime case down here, we got into the same principle. They take it out at Sloan and Apex, here in Clark County, take it out in bulk, put it through some basic processing, and then ship it to California, where it is refined further, I suppose. As I remember, it had some refining after it had left here. It was packaged, bagged in fifty and hundred-pound bags, stored, merchandised, and sold on the retail market as commercial lime.

We wanted to start with the price of lime in the bag, as a finished product and going to the market, and work back to a value of it as it left the state. The company didn't agree with us at all. They wanted to give a value to it as it left the mine in its raw state, and this, we could never agree on. Our main problem was that, as with many of these so-called nonmetallics, there's mountains of it, or huge deposits of it, and it's the use that you put it to that determines the value. The same thing applied out here in Blue Diamond, where they'd go further, and make it into wallboard. They sell a great deal of it, or did sell a great many carloads of it for agricultural lime, and very low-grade purposes. And they used, for their purposes, also, the better grades for a much different use. And, of course, like the Champion Spark Plug Company, the company always wants to take the lowest value and put

it on the product when we knew there was a lot of it bringing a lot more money.

Bill Newman worked with us very hard on this case. This is what got me to it. And it went to the courts. We just figured that it was a landmark case, and that something had to be decided from it, and it's amazing how technical and how complicated things like that can be. Roger Foley was attorney general at the time, and devoted an awful lot of time to it, as well as some of the members of his staff, and a lawyer; they had to go back and study the mining industry and learn a lot of the technical parts of this. And actually, we were limited in our own staff, as to our technical knowledge, the people that I had working on it. Dick Yates, who was chief auditor, was working on it, was a very intelligent and studious person, and studied it a lot. But nevertheless, we were handicapped. And Bill Newman, as a graduate mining engineer, probably had an advantage on us, and he was technically much better prepared for the technical phase of the mining than we were. And he worked quite hard, was a witness in the case. We tried it for, I think, three days in Washoe County under Judge Bowen. And the judge worked very hard in it, because he had to get into the technical portions of it.

It was kind of a landmark case in more ways than one, because it opened my eyes as to how limited and how handicapped in situations like this the staff of the commission is. They're not specialists. They're basically accountants and auditors, and, of course, we always had somebody that specialized and worked in the mining end of it, and who got a familiarity with it.

But they came into court with testimony, mining engineers and consulting engineers. They brought one man back from the national association that—I've forgotten the name of it, but it was an association of producers of

this type. They brought another consultant out from Gladding and McBean Company, the vice president, people that had been in the mining business all their life. They were a defendant. I think Ken Dillon of Dillon and Vargas defended them. And of course, he had all of his experts at his command. And it was so evident that they could throw things so technical in the court into such confusion, and everybody in it, and they'd go into the technicalities of the mining process, the chemistry, and the catalytic actions, and many other things that I didn't understand, and began to lose everybody in the court. And we just weren't equipped to handle them.

We put Bill Newman on the stand and cross-examined him vigorously for a day or two, and I thought he did a very good job, as I say, because he was a mining engineer. He could follow it, stay with it much better than anyone else associated with the commission. We didn't have the funds to go out and get consultants and experts in the field, as they did. I can remember them starting to take Bill through the chemistry of the lime business, and converting it into lime and cement, and so forth, which, of course, was a little out of his field. His work was mostly in the precious metal industry at that time, and any good attorney knows, as I've found out many times, that the minute he can get everybody confused, he's got his case won, particularly if he's attorney for the defense. But Bill struggled very hard with it, and it was probably the only reason that we stayed with it all all. I thought Roger Foley did an excellent job on it.

The case was tried for three or four days, and then was postponed, set ahead to go into some more facets of it. And it was postponed, I think, for several months, and we worked again. We, I think, had another two or three days of trial, and still hadn't gotten anywhere with it. And as I remember, by this

time, everybody was fairly tired. We finally compromised the thing to where we didn't lose all the ground that we had lost before. But we could see other cases looming ahead of us that were even worse, and particularly, the Blue Diamond case out here, which mines gypsum and makes it into wallboard right here in Clark County, and is owned by the same group of companies, the Flintcote group. And trying to follow through to bagged lime is one thing, but when you've got a raw material that becomes a part of a manufactured product such as wallboard, I could see nothing but problems looming ahead of us. And where I felt we stood on much better ground with the lime company, I felt that if we ever got to the wallboard company—and they were starting to see this same point and bring it into the [courts]—then we were pretty well lost, or at least in trouble.

So we finally settled it. I can't recall now the exact nature of it, except that it certainly left us in better position than we were before.

That's a rather long story, but it indicates something that still exists, the very indefinite part of proceeds of mines in that mines act. And yet it's a very cherished part of our basic laws. The mining industry cherishes it, frankly, because it's a pretty favorable law for them. They pay taxes, and if they're large companies like Kennecott and Anaconda, and companies of this nature, they pay lots of taxes. But nevertheless, it's not near as damaging as other state laws. I think it's one of the best, most favorable laws to the industry in the country.

That's one thing Henry Rives always admitted. He fought hard for the proceeds of mines law, but he admitted that it was one of the most favorable and best laws to the mining industry in the country.

There have been some forays on it to build on that structure and add a pure severance tax

to it, to tax them more for the basis of their production—in other words, so much for a ton of production, or percentage of value, without any deductions at all, which is a pure severance act. [Reuben] Zubrow [*for Taxation in Nevada*] made this pitch. He spotted this. He suggested, I think, a one percent straight severance tax in addition to the proceeds of mines act. And that pretty near threw the mining industry into a tizzy, and, of course, made Reuben Zubrow very unpopular with them. But it didn't go any farther, and never has since, than just talking about it.

We discovered oil in White Pine County, and it became evident that we might have some oil deposits. Shell Oil, I know, had some interests in it, and we do produce some oil, I'm sure, yet. So the oil people came rushing in to the legislature, and, of course, wanted the same act that the proceeds of mines people have, the same type, and their argument, of course, was equity, that the production of oil is exactly the same as the production of copper, or anything else: "It's a natural resource, and we're entitled to the same treatment." Well, I said then, and I say now, if you ever try to apply the proceeds of mines act to the oil industry, we're really lost. It's just not applicable. At the time the law was written, nobody ever conceived of oil being found or produced in Nevada. And, of course, the oil industry wants it, wanted it very hard.

There was one session of the legislature, in fact, a couple of sessions of the legislature (when] we were instrumental through legislators who were interested in the the same idea, of suggesting a severance tax for oil, on the basis that we may have future discoveries, and we should have a law to do this. The oil industry came right back very hard with a bill, just tacking themselves onto the proceeds of mines act.

I can't remember; somebody—I think it was from Tonopah, Nye or White Pine County—for two or three sessions, continually introduced a bill. But it never got very far, because the oil lobby was pretty strong in fighting it, and trying to come back onto this proceeds of mines act, which they spotted was a very good thing to tie to.

They had some very good lobbyists. In fact, they used some of their regular oil company lobbyists. I can remember a man at Shell that was up there [who] was the same man that worked with us in the legislature on gas tax, and fuel use tax, and other things of that nature. I had always had good rapport with them, and they came in and tried to get me to support and testify for this proceeds of mines act. I, by this time, had been at least to a couple of sessions in which this straight severance tax had been knocked down, and never gotten anywhere. This was rather a counteroffensive. They wanted to get the shelter of the proceeds of mines act. I can remember them coming in to me, and asking me to testify for 'em in committee, and coming with the same old argument, "If it's good for the mining industry, it's good for us. If it's fair to the mining industry, it's fair to us."

I can remember telling one of their men, I said, "I think that we should have a severance tax on oil, if oil is ever discovered and produced here. It's easy to administer, it's equitable, much more equitable to administer, and it can be graduated in such a way as to be reasonably fair to the industry, and I believe most oil producing states use it."

I can remember telling him, "I know we're not going to get a severance tax passed on it. I've worked in a couple of sessions, and I'm just tired. I can't influence them any further. So I'm not going to try any further on the severance tax, because I've been knocked

down on it. But if you try to get this one you've got tacked onto the proceeds of mines act, I'm going to yell so loud you can hear me from here to Chicago!"

Of course, they were trying to get it in as quietly as possible. I believe they finally did. I don't think they did that session, but they finally did get tacked onto the proceeds of mines act. But as long as there's no real production, or no valuable production in it, why, nobody's really hurt. But if we ever really discovered oil in any value and quantity, why, we'd really be in trouble.

We have the same problems today with the Tax Commission. It's very difficult to determine the act, an old act that was really designed for precious metals, and trying to apply it to the conditions that we have now. I think, basically, the copper companies and the companies of this nature, which have, really, produced the biggest part of the value, anyway, of the ore in the state, pay a pretty fair tax. But when you start trying to apply it to the industry as a whole, some of 'em get off pretty easy with it. But I don't think you're ever going to get it changed, at least until the state changes a great deal, because for some reason or another, it's a very Cherished part of our structure, and one of the most difficult to amend, because if it's amended at all, you've got to change directions with it. You've got to take a new tack on it, and that isn't going to be easy. As I say, Bill Newman was the last of the mining commissioners that I worked with. I still see him occasionally. I thought he was a very valuable member, particularly at the time in the problems that we had to deal with at that partic ular time.

Roy Godecke replaced Wallace Park, I believe, when Mr. Park died after many, many years of service on the commission. And Roy did a much better job than we were led

to expect that we might get from him, and, I thought, was a pretty good commissioner. Up to this point, the mining men, for instance, were primarily interested in the mining industry. The agricultural men, normally, the cattlemen and land value men, are primarily interested in agriculture. But about this time, we began to get commissioners that were taking a little wider view of it. And Roy Godecke was not only a pretty good commissioner for the agricultural industry, but was quite interested in other phases of it, and developed in other phases of it. I don't know that the agricultural industry was as pleased with him as they were with some of the others, possibly for this reason.

Norman Brown was another one, as I think I've covered his appointment on the commission. Norman, particularly, as the years have borne out, was good in other matters, was very good in gaming. He was a good, solid man, a good representative on gaming, took a lot of interest in it, and, of course, in years since, has served at least two terms on the Gaming Commission, and is still there, because he did have interests in other directions than just strictly the industry he represented.

Now that I am serving in the Tax Commission, *on* the commission itself, I can compare it a little with the commissions of the days when I was secretary of the commission. Three years ago, I guess, about then, they amended the law to include other representatives on the commission, other than the basic five they had, and they now have a nine-member commission. In addition to the industries that are represented, gaming is represented (and that's the position that I hold at present), and the utilities are represented (Dick Campbell, the vice president of the Sierra Pacific Power Company, and formerly

chairman of the Public Service Commission, serves in that capacity), and transportation has a representative (Sebastian Mikulich of the Las Vegas-Tonopah truck lines, is representing them on the commission). The chairman of the Public Service Commission is no longer a member, being supplanted by a representative of the utilities, themselves. And let me see, I think we've got one more in there. We've got, now, a total of nine, increasing the number of basic industries that are represented on the commission.

I find the present commission much more knowledgeable than it was in the days when I was secretary of the commission. In those days, we had good, solid citizens, men that everybody trusted. It was a solid commission, a conservative commission, and it still is, but they spent less time with it than we do now, as commissioners. And the present commission, like, I think, everything else in government, as far as background knowledge and ability to deal with the problems, and to following it, is much more knowledgeable from the commission side of it than it was in the times that I was there in a different capacity. They had to depend on the staff much more than they do now. At least, the commission, with the specialists it has on it, follows the problems much closer, and makes, sometimes, independent policy decisions much more than they did in those days.

Of course, I think, basically, everyone in government, itself, is largely the same way. You've got much more expertise, and you have to have it because of the way that it's grown, than you did in the '40s and '50s, when we were much smaller and growing up. We expect much more of our professional people in government—not that it doesn't leave something to be desired at times. But I think, of necessity, [it] has to be much more a profession than it ever was in those times.

I have a basic difference with the basic setup of the Nevada Tax Commission, and I always did, even in the days when I was working under 'em. But it was one I was never able to express, mostly because of my respect for the men that served on that commission. And they also were, of course, my bosses, treated me very well, and with confidence, and I enjoyed working with them. And I always felt that if I criticized the basic setup of the commission that it might be taken as criticism of these people. I never knew how to do it, separate the problem, so that I could express myself and not be taken as criticizing 'em, which I just couldn't do, for many reasons, and they didn't deserve it.

The Tax Commission is a hangover from much earlier days, and is one of the boards and commissions that is left from the old system. And other states have gone through the same metamorphosis. (This is a favorite theory of Jeff Springmeyer's.) When government was small, and in other states was small, numerically smaller, the problems were much less, they did as Nevada did—and Nevada was one of the last to abandon the system—they had so many *ex officio* and so-called citizens' boards because government, itself, was political in nature, the staffs were political appointees. It really wasn't a profession prior to the days of civil service and personnel departments, and so forth. It was considered basically a political plum, even down to clerks and stenographers. There was always an exodus each [election] time. So they felt that they had to stabilize them with citizens' boards and lay boards that took away a little of this political flavor, and brought some expertise into it that perhaps at that time was needed.

For instance, [the] Tax Commission was one of the most carefully composed, and still is, to keep a political balance,

because, I think, as I've mentioned before, no more than a majority could be of any one political party, the terms are staggered, basic industries are supposed to be represented on it to provide this expertise to a staff that had very little expertise of its own. And this, of course, in those days, was true. But I think, for a while, the staff expertise grew, and the composition of the commission didn't change, and basically, it was, and to a degree, still is today, a commission that is composed of representatives of the main industries of the state. And it adds some expertise, there's no question. There are men on that commission that know more of their own particular business than those that are working on the staff, because the staff has to cover a much broader field.

But basically, as long as I have observed it, those people also are there to *protect* the industry that they represent. And so, basically, sometimes, I think, they become more interested in their purpose in protecting their own industry, and therefore have a sympathy with the fellow commissioner who votes in protecting his industry, and somewhere along the line—as I used to say many times, and I think I've quoted it in here—the state of Nevada has to be represented by people who are interested, basically, in the interests of the state. And I still don't mean it as a criticism of any individual commissioner. I think, right now, the commission that I'm serving on does a much better job in this respect than other commissions did. But still, that thing is always lingering back there. Of course, from a taxpayer point of view, and for the taxpayer industries, they like it, because it slows processes down a little bit, and it has its advantages.

I think practically all of the states have left that type of an organization and have full-time commissions, with people serving

in a policy position and full-time positions who are specialists in various phases of it, and are not as much subject to—I hesitate to use the word influence, but there were pressures of specialized industries, specialized groups. And special interests, including my own, are all always pretty well represented.

I felt this during the days when I served as secretary of the commission, yet, as I say, I never was able to talk to a legislative commission along these lines, because it takes somebody to draft a new approach and a new concept, and they're not easy to sell. And I, necessarily, couldn't have supported it, and I'm a little in the same position now. I wouldn't want it, even though I serve on the commission on the same basis, to be taken as a criticism of the people, because I think the Tax Commission has been very fortunate in getting very high type persons. It's also a cherished part of Nevada political history. I don't mean it's political, in the extent of partisan politics, but it's quite a cherished institution, and it's going to be slow in changing.

Of course, government, as we are developing it now into what's more commonly referred to as bureaucracy, sometimes moves a little too ruthlessly and too fast, and the tempering of a commission of this type has some advantages. But I think we're growing, and almost to the point where the special interest concept is really not the best one that we could have. We do the same things in the Tax Commission, for instance, as a state board of equalization, for property tax equalization. I know I oversimplify some of the laws and things of this nature because I was associated with 'em for so long, I built up a basic, simple theory of them. And basically, the theory of equalization is that the assessor assesses property (of course, he's an elective officer, and has the handicaps of an elective officer)

on the basis of more or less a professional approach. And thank goodness we're getting more professional approaches in the larger assessing offices. But in the early days, we didn't. The assessor was primarily a political figure, and has the difficulty of an elective officer, because it is a punitive office. It's an office that nobody really appreciates. He fixes valuation for tax purposes, and that's not designed to make anybody popular. And yet, being an elective officer, he has to stand for reelection, and he can't afford to do too much. And this was recognized early—I'll get into that in a minute—as to a matter of statewide equalization. But originally, the county commissioners sat as a county board of equalization to hear appeals from property tax assessments, and had the power to equalize, on their own initiation, property within the county. And assuming that they have done their job—and this goes from the assessor to the county board of equalization—and if the county attains county-wide equalization, then the next question is, are they all equalized by seventeen different assessors, and seventeen different county boards? Then the state tax commission sits as a state board of equalization to bring statewide equalization into effect.

Basically, if a real thorough job had been done on the county level, then all that would be necessary, other than the individual cases and appeals of that nature that would be necessary, the state board could make blanket changes to bring them all together, all seventeen counties together, so that they're all on the same basis. But, of course, that never happens.

So a state board of equalization sits. I just came off of one that sat during the month of February, and we had, oh, many, many more cases than we had in previous years, very widespread in their effect. And you

have to sit there, as a lay board, and listen to—oh, I'd say, perhaps hundreds of cases, or at least decisions that affect hundreds and even thousands of cases, and in a short time, make the decision of Solomon. It's the last step before a taxpayer can go to the court, and you have to make these decisions that are quite technical, and they're hard to review. You're hearing cases from all over state, many instances on property you've never seen, or can't see. And it just can't be handled in that way any longer, with the state attaining the size that it has, and do the job that it's supposed to do. It's just too much for a commission of this type. And most states have dropped this. I don't think, probably, there's any state in the Union in which one board could sit and review all of the cases within the state, as well as having the task, supposedly, of equalizing all of the counties of the state.

So, basically, even with the fine men that you have on it and the time they devote to it, I think they do a better job than county boards, because I think it's a better informed group of men. But I'm sure, sometimes, the counties don't feel that way. But they just can't handle it in that way any longer.

You really need a constant equalization process, and tax courts that taxpayers can take their cases to. The courts of our state are not really basically set up to handle tax problems. The courts are just as much behind the times, in many ways, as all of the other institutions of government, as government grows. Take a case as we did with the U.S. Lime case, or with other complicated tax cases—and we've had a few, not a lot (the sales tax gets extremely complicated)—you're getting to judges that are sitting in all kinds of cases—criminal cases, family cases, civil law—covering the broad scope of it, and they're just not equipped to rule on the specialized nature of the tax cases. It takes tax people who've been

tax attorneys, and tax accountants, and jurists that can handle things of that nature.

I think we were very fortunate, for instance, in the U.S. Lime case that we had Judge Bowen. He spent a lot of time on it. It amazed me at the background and technical information that he built up, and then could follow these cases. Yet I'm sure that if I could've been sitting in his shoes, and thinking as he thought, I'm sure he felt, as I have on the Tax Commission and the state board of equalization, that it was just something that he shouldn't be sitting on, or that even specialists have a hard time doing this thing.

For a state board to sit in one month, maybe you've got a lot of interim work that has to be done in between times, and meet on all of the cases that are called upon it—and we'd have a lot more, I'm sure, if we were better able to handle 'em—it's just an outmoded way of handling it. We can't get at the things that we should get at. Larger states, even states like Oregon, have tax courts, and you can get into 'em, and they go on for years. Of course, they have the problems that are never-ending in government; they get bogged down, the same as everything else.

But I think we need to move in that direction, into a more professional and technical commission, handling the things that they do. But it'll be slow. It'll be very slow because the state and the people in it are hesitant in dropping the institution they have. And having served in it most of my life, and still serving it in a different capacity on the commission, I still feel that it leaves much to be desired. As I have said, I think it's mainly the fine people that have served on it, and probably others, that feel the same way that I did.

I can remember talking to Charlie Russell about it once. I was close enough to Charlie

and could talk about things that might—as I sometimes prefaced my remarks saying, “I know this is heresy to say this,” and I got into this with Charlie. In his usual, tolerant, and nice way, I can remember him saying, “Well, Bob, I think I understand what you're driving at, and I, to a great degree, agree with you. But,” he said, “it's just not an issue we can take up with the fine men that we have on it, and,” he said, “it's just not going to get anywhere. And I just think maybe we'd better forget about it.” I really wasn't trying to talk him at that point, into crusading and starting something. I was really trying to point out something to him, as I am now.

While we're on the equalization story, we might as well go on with it. The property in the state is divided in its assessment between that property that's assessed by the assessor, which, of course, is the physical property located within the county, and is real and personal property. But all of the property of an intercounty, or interstate nature, such as utilities, of course, are the big area, and are assessed centrally by the State Tax Commission; and, of course, we've always had a staff that specializes in that, and it's a very, very technical procedure. And it's something that is very hard to explain to average taxpayers, because after once value is determined, they go on the same roll that everybody else's property goes on.

Livestock, which, of course, you find in all seventeen counties, is the basis of assessment, as set by the State Tax Commission—per head price of cattle, and steers, and sheep, and so forth. The assessor's main job is to count them. Proceeds of mines, of course, are assessed on a state basis, and they end up on the same property tax roll. So you have a portion of the property that is on the assessment roll of each county that is assessed by the county assessor and a portion that's assessed by

the Tax Commission. We have a theoretical equality that is supposed to be applied. In other words, we are an equal assessment state constitutionally. Our constitution says that all property shall be assessed on the same basis and the same rate of taxation. And it goes through various processes. Some of it's assessed by the assessor, some of it's assessed centrally by the state boards, and some of it, the assessor assesses by guidelines that are set by the state, but when it ends up on the rolls, there's a theoretical equity that should be there. Now, it isn't very easy to attain, but nevertheless, because value is not an exact science, and therefore, is very difficult to determine, a lot of it depends on somebody's opinion on who owns it, or whether you're tryin' to buy it or sell it, the property. But nevertheless, theoretically, there's supposed to be an equality of an assessment once the whole process has been completed. And you have your county equalization boards, and your state equalization board, trying to achieve this purpose, so that basically, when you get through with that tax roll, the rate that is applied to it (it's applied equally, although the tax rate differs according to the taxing districts and the demands of the district), you have an equal base to apply a tax rate to, so that (theoretically again) the taxpayer in White Pine County is being treated the same as the taxpayer in Clark County, or in Washoe County, or in Elko County.

And the property tax, from the state basis, has declined in its importance, and is basically a local tax to run local government. And if only local government were taxed, equalization wouldn't be so important. But unfortunately, the property tax is practically the sole support of the state school system, and the schools. And this makes equalization quite important.

I think I covered this in the bill that I introduced in the assembly of 1939, based on Harold Brown's thesis. Theoretically, as near as it can be determined, the responsibility of education is a statewide responsibility. And, of course, when you get into higher education, particularly into the university, it's entirely a statewide responsibility, and again, so that the taxpayer in White Pine County, or Clark County, or Washoe County, or Elko is paying the same contribution to education. That was the theory behind this bill that I introduced in 1939, and I get some satisfaction in seeing it is now coming to be nationally recognized, that not only is it a state responsibility, but you should have a basic, national tax for education, and the property tax is completely outmoded. It's just not the proper basis for it. But as long as it is the base of education, it should be as equal as it's possible to make it.

Of course, this came up in the first State Division of Assessment Standards when Barney White came to the division, and this was one of the things that defeated it, or drove it down far below the level it was supposed to be functioning, because school needs, particularly initially, depended upon where you were. And basically, the problems were in the counties—and to a degree, this is still true. This is still true, but not to the same degree in the counties where the population is the heaviest. Consequently, at that time, '47 through the early '50s, Washoe and Clark County, because they had most of the school population, were having most of the problems. Yet the taxpayers of Douglas County, and Lyon County, and Elko County, and so forth, the more agricultural counties, were not particularly pleased with the idea of raising their base to solve the problems basically in some other county. I think I covered that in my discussion of work with

the legislative session. I was virtually told by one joint meeting of finance and ways and means committee, and some very fine, respected members of it, "Look, this is fine, to go ahead and apply equalization, but apply it where it's needed most, and forget about it in the places where we don't need it, and at least get around to them last."

And, of course, I think I recited very early in my discourse about my little clash with a very good friend of mine, a senator in Washoe County, that he always praised me for my zealotness in representing the state, but when I [laughing] got into a problem with him, he wrote back and told me it was fine to be zealous in representing the state, but don't go too far with it [laughing], when it starts applying individually. And that's basically the problem we were left with, in that unless you have a basic equalization, the taxpayers are not contributing to education, which is a concern of everyone, in the proper degree. So in those counties where the ratios of valuation are higher, because of necessity, the valuation had been raised, they were paying a greater portion of the education bill than in those counties where the problems were small, so they just let the values stay.

Now, in the early days, we always had a clause in the law that said—and I think most states did—that said property should be assessed at one hundred percent of its value. And it defines value. The definition of value in Nevada is the same as it's always been, and it gives a broad and basic definition of value. But no one, not even the boldest, ever could keep a straight face and tell you they were assessing property at its full value. And this was covered in court decisions, it really was not important if it was equal. If it was assessed at ten percent of value, if you had an equal ten percent base, and applied that rate, there was equalization.

In fact, I think, in some instances, cases were thrown out of court, where it was obvious and ridiculous that the law required it be assessed at a hundred percent of value, and it was obvious that it wasn't. But the court said that as long as the base is equal, nobody's getting hurt, and it's not important.

Well, of course, the base isn't equal, only you tried to maintain a theory that it was. So basically, in a county that had problems, and particularly school problems, or the problems that constantly demand more taxation, those counties had to raise their values more to get a higher base to support their schools and their community. Counties that didn't have these problems were still satisfied to tinker along on the same old base they'd had forty years ago, because they got enough money out of it, and who cared?

So I think I mentioned previously that the [George] Peabody College was employed to make a study of the school situation, and come up with a basic law and formulas that corrected many of the things, the evils, that everybody knew existed—or the inconsistencies, at least, in the inadequacy of the law. And they, of course, approached in much the same theory that Harold Brown did in his thesis, and that I had learned from hours of reading his thesis, and no other way, the things that were wrong, and are still being recognized on the national basis, are wrong with our school financing system.

In this school legislation, which became quite an issue in the [mid-'50s] after the Peabody study came out, it was an issue in the legislative sessions. I, at that time, was of course, quite closely involved with the legislative sessions, with things that'll come out later, as I was doing state budgets, and one thing and another, later in my career. It was still quite a controversial issue. You were

beginning to get urban areas versus rural areas. People in the eastern part of the state were not interested in financing on the state level. They were self-sufficient in counties like Elko, and White Pine, and some of those in there. [The] general theory was pretty much, "Leave us alone, we'll run our own affairs."

I remember the session that Senator Crumley was in there, and the Peabody formula was up for adoption. And there was quite a bit of controversy on it. I can remember the—as we termed it then—the "mamas" coming up, swarming into the legislative session, from the PTA and the mothers' groups, and they really went to work on the legislature, as, we found out later, females can well do. They had things pretty well stirred up, and came into the senate. And I can remember a number of the people involved with it. The legislators got to the point where they were almost afraid to come out of their doors 'cause they were goin' to get grabbed in the halls, and they were generally swarmed. The tactics weren't so much individual; three or four of 'em'd grab 'em. I don't know of any man that can argue with three or four women at one time, and they kind of objected to this.

But I can remember sitting in with Senator Crumley, trying to help him on the financial end of it. He was opposed to a lot of it, simply because he was from Elko County, and Elko, philosophically, was a little dubious about it. And finally the thing did pass, I believe, [but] there was a big storm about it. Now, whether it was voted on that year or not, I don't specifically remember, but I think it did finally pass, or was given good indication it was going to, and it was going to go over to the assembly.

I can remember the assembly committee, [and] I remember one man that reminded me of this situation many years later. I lost

track of him for many, many years (although I knew his brother). That was Hugh McMullen from Elko County, who was on the ways and means committee. And Hugh, I think, at that time, was a rancher, and had the typical views of Elko County, and of the group of people who liked the old system better. Hugh came striding out of the senate with that long rancher's walk that he had, with a very definite purpose of getting from the senate side to the assembly side as fast as he could. I can remember seeing a little blonde woman, hanging onto him and just giving him *what for*. And it looked, for all the world, like a big bull mastiff striding along with a little banty rooster pecking at his heels. She was really a very attractive little blonde woman, and she was really giving him *what for*. And Hugh was trying to get as fast as he could into the [laughing] assembly doors, where he'd get some cover, and he wasn't getting real successful. She was alternately at his side and in front of him, and it was really a hilarious situation. The rest of us stood there and laughed at him, and he was very evidently kind of nonplussed about it, and didn't know how to shake her off. Hugh finally made it to some safety, and finally did shake her off, but it struck me so funny, and it was one of these incidents that I remembered.

It was not over two years ago—must be practically twenty years later—that I ran into Hugh McMullen again. I don't think I'd seen him twice in twenty years. He got out of politics, and went to work in Elko County. And I reminded him of this. I said, "I don't suppose you ever remember it, but it stuck out in my memory."

And he started to laugh, and he said, "Don't think I ever forgot it, either!" He said, "I've remembered that for the rest of my life!"

I don't think the lady involved ever knew that I knew her. I wouldn't know her today,

though she was from a quite prominent family. That was Mrs. Bruce Thompson. I was told later it was [laughing]—that was who it was. But I'll tell you, she was really workin' on it! And as I remember, they finally succeeded in getting this issue through that we first had noticed in 1939.

I was surprised to find Hugh had never forgotten it. He remembered it as vividly as I did. [laughing].

[Back to my discussion of the equalization law], basically, they came up with the idea that instead of winking at the law, and arguing that property was assessed at full value, gradually states were beginning to realize that if it's assessed at ten percent of value, if it's assessed at fifty, or whatever it is, if there is fair equalization there, and the base is equal, it's immaterial as to what percentage of theoretical value you're taking.

So we fixed the value—and that's still in the law— because it was recognized that it was about the highest that we could get, that all property should be assessed at thirty-five percent of full cash value, recognizing that this, on a statewide basis, was still higher than most counties had obtained. Occasionally, in some little areas, you'd get a valuation that was higher than that, but not too much. But we work up to this thirty-five percent of value.

And, of course, they threw into that a basic local equalization formula, whereby the basic school formula distributing the school fund money to the counties and local districts would be done in accordance with the equalization that was attained in that county. And if a county was assessing at thirty-five percent of full cash value, it would receive its full formula from the state, which is determined by its budgets in which they determine the need. But if that county was assessing at less than that amount, they would be penalized, and actually would get less state

money, on the theory of, the Lord and the state help those who help themselves. You've got to help yourself first to a basic equalization, and when you get there, then you're entitled to the full amount of your state money.

And, of course, for this purpose, the Division of Assessment Standards in the state had to, by testing and various processes—mainly by testing—determine what percentage each county was assessing. And then that was used by the school department to determine the distributive school apportionment. That, again, in theory, pointed out the problem very neatly. And it worked to a degree. But it was a terrifically difficult thing to apply. Of course, the counties that were wounded were below the average.

Now, let me see. Let me make some corrections. The theory of the formula was, as I have said, basically, to obtain this thirty-five percent. Well, what we had to do was to determine the statewide average of assessment of property, and it was the average that governed the apportionment of school funds, not the thirty-five percent figure—at least, at that time, that was true. So I'm correcting myself to this extent, that if we determined the statewide average of property [assessment] was, say, thirty-two percent, or twentyseven percent, or whatever it was, that was the standard for full apportionment. And if it was less than that, why, of course, they got penalized for it. The law did specify thirty-five percent, but naturally, at least at first, the counties weren't assessing to that thirty-five percent figure.

It created an awful storm, particularly the first couple of years, because, naturally, the counties that were hurt were really complaining, and the others, of course, if they were getting their full formula amount, were up to the statewide average, were reasonably happy.

The idea was right. It focused the problem, and, of course, focused the problem that still exists, which, really, is more the basic inadequacy of a property tax system, to finance a statewide (or a nationwide) institution.

It put a lot of pressure on the Division of Assessment Standards, and when I left, it was still very much of a problem. We were primarily doing it on a sales-ratio study. We spent a lot of time with it, in determining how property was assessed. In each county, you went through and picked up the sales (after you'd done the usual screening, so that the sales that were selected were a good average) and determined what basis they were being assessed a full value. And, of course, the counties, again, that had the most problems had the highest basis of assessment, because the problems dictated that something had to be done about it, so there was more effort put into that direction. Basically, that was the more urban type counties, the counties that had the more basic problems, as against the agricultural counties.

The theory of it was, of course, that the minute that they started losing state-distributed school money, that enough pressure would be put on the local assessing authorities and the assessor to bring their assessments up to standard. But it isn't quite as easy as it sets out on paper, because raising anybody's taxes is just one of the most difficult jobs in this world. And an awful lot of the pressure, instead of being placed on the county assessor to get him to raise the level of assessments, was put on the Tax Commission to show them that they were wrong in doing it the way they did, and trying to put the pressure on them to change their method of determination, rather than to change the situation that existed. This was still going on when I left.

School people have their problems. They have a very powerful voice in government

because of the nature of their institution, and its basic interest to everybody in the county or state. Nevertheless, there are many taxpayers and special interest groups that just don't entirely go along with 'em, and lend support in solving it in some other way than by raising the tax base. So it was a constant struggle, and didn't obtain the results that were hoped for, for it. It looked as though that if enough pressure could be put on the assessors that they would have to raise their values and this would happen. But again, people in the smaller counties and more remote counties aren't as interested in schools as those that are in the more urban areas. Of course, I think they're getting more so, with the pressures of a modern day life, and of necessity, becoming more interested in it. The days of the old school district of four or five kids has, of course, gone by the boards. And keeping the kids at home, and staying to work on the farm, that's beginning to pass out. So we're beginning to get more pressure on it.

But it never did work, to my opinion, as it theoretically should've worked, and immediately created a problem. It did put pressures there that aided in bringing up the assessments.

When I left, it was quite a controversy. The counties were down in value, I mean, the percentage. As I remember, the statewide average in the earlier years, was maybe twentyseven, twenty-eight percent. When I came back on the commission, as a member of the commission, I noticed that they were up around thirty-five percent, and everybody was grouped very closely to the same amount, and there was remarkably little difference in the assessed valuation of the counties, a spread of [only a few points]. In the meantime, this particular part of the law had been repealed, I'm sure, and the penalty clauses were no longer applied. But the Division of

Assessment Standards was still required to determine the way property was assessed in each county. And actually, now, they've turned around and took a much easier solution on it, and merely turned it around and said that the Tax Commission should do something about it, and it's much more general in nature. They just dumped the problem on the Tax Commission and said if a county is—I think our tolerance limits were two percent—very far but, you order the county reappraised. The Tax Commission just orders the county to be reappraised.

Well, of course, when you order it to be reappraised, that's one thing, and getting it reappraised is something else. You get into small counties, they've got a small staff, maybe an assessor and a deputy and a couple of people in the office. And to go out and reappraise a county takes money. The county commissioners are supposed to do it under the present law; the Tax Commission's supposed to order it. But actually, I found when I came back, that there was very little spread. And I knew at the time, things couldn't've changed that much, and human nature couldn't've changed that much, that there had to be some change in the method of determination, which is always the easier way to going at a problem of this type. And finally, it began to dawn on me as to what was happening. They were depending entirely on this sales-ratio study, which is good, but it's like anything in the law of averages; if you get enough samples to be indicative of the subject as a whole, then your study of that sample should be indicative of the condition of the whole hundred percent.

And in Clark and Washoe Counties, for instance, you're studying sales of property. In Clark and Washoe Counties, there's lots of sales recorded in the law, and the Division of Assessment Standards had gotten it down to

where they handled it very capably, because they'd spent a number of years in developing their procedures. If you get enough samples, and if you determine that the property sold is a good sampling of the property as a whole, then you can apply the average you find of that property to the county as a whole, and you could assume you've got a pretty fair average.

But I knew there was something wrong with this thing— and it's still there, to a degree; it's still there—in this remarkably close percentage that all these counties were coming to, particularly these rural counties that I knew were operating with inadequate assessing staffs. And finally, when I began to sit on the state board of equalization, I began to see what had happened. In practically all of the counties except Clark and Washoe, the sales of property are so few that the assessor (or one person) can go through there, and check every piece of property that's been sold during the year. I'll just use a hypothetical example. For instance, maybe in the town of Eureka, or Austin, there might only be two or three sales. Or in a county like Eureka County, or even Douglas County, or Mineral County, Nye County—the sales were so few that an assessor or his deputy can go through and list them on a piece of paper, and he's got 'em all in front of him. The assessors are human beings, and very defensive people because they're subject to a lot of pressure. They found out very quickly that all they had to do was to take the pieces of property that had changed and been sold, and bring that up to a value that they knew would stand the test of the sale, and they had an assessment of thirty-five percent of the base—they knew the system that the state board applied—make that assessment thirty-five percent. So, theoretically, by assessing three pieces of property in Eureka County, the assessor raised those pieces because he knew they had sold

that particular year. He raised those to thirty five percent of value. You looked at those three pieces, so you said the whole town of Eureka is assessed at thirty-five percent of value. And the same way in the county.

And I began to see in equalization we'd begin to get some very vigorous taxpayer complaints, that their property was being assessed at a higher value than the people around them. And the assessors, again, being the straightforward type of people that they are, particularly when you get 'em into a hole, said, "Well, look, I *had* to assess it at that figure [laughing] because it had sold this year, and I knew the board was going to come and check my sale out, and I had to have it at my thirty-five percent figure."

Of course, in Clark County, and in Washoe County, and the urban areas, there's too many sales to do this. When you get sales into the thousands, it isn't very practical, and the assessor hasn't got the time to go through a thousand sales. But I would say in every other county in the state, the assessor's office can go through every piece of property that's been sold and raise it to its value.

And this, in my opinion, was the reason, all of a sudden, after just a few years of absence, I saw—I couldn't think that human nature changed that much. There was no pressure from the assessors. The assessors were all happy. None of 'em were over about two percent out. And here, when we first started assessing, we found [laughing] that some counties, particularly in locally assessed properties, were assessing maybe seventeen percent, where some other county might be assessing thirty-seven percent. Now, all of a sudden, I find 'em all grouped in a very close area, and it began to occur to me as to what had happened. And it just goes to illustrate the old saw, that there's more than one way of skinning a cat, and that assessors are very

defensive people. They've got a very difficult job, and they're being attacked all the time, so they're pretty nimble on their feet.

I had discussed this with one of two other members of the commission a couple of years ago. It was coming to be pretty evident, So we finally got to the point where, in this last year, we found that they had to go out, (the Division of Assessment Standards) and just, at random, make some random selection of property that the assessor wouldn't know what property they were selecting, and make a test on it. The test is a little more accurate. It really hasn't had time to work yet, but we'll be able to see if we're attaining any more results.

But that, again, gets back to another old problem. If you want to do a job of this kind, it takes staff and people to do it. And it's just not possible to get it to it. And it's just not possible to get it to the point you'd like to get it, and still pay the expenses of government that'll go along with it. I think it's one of the most difficult jobs in the world. In any county, it's commensurate with the staff that they have to work with. But you take here in Clark County, I know there's over 100,000 parcels of property—and that's parcels, not individual pieces, (I'm sure that's a close figure)—and no assessing staff of the size that you can take in Clark County; maybe they've got ten or fifteen field appraisers. It isn't physically possible to get anywhere near any portion of those. You're doing what we call a "mass assessment" principle. You're assessing on a formula, you're doing it so you can make mass assessment with it. And yet, when somebody comes to fight it in the Board of Equalization, you've got the same old story. They came up with a qualified appraiser. They may pay him a hundred dollars to appraise a piece of property, he goes at it thoroughly, he spends hours or days at it, and comes and presents his case. And

the assessor hasn't got the staff or facility to go to that extent at all.

So it just basically points out the fact (it's one of the first things I ever learned) that the property tax is just basically impossible—of proper administration, of equal assessment. It's a carryover from a different age, and the quicker we get rid of it and substitute some other method, the better off we'll be. But it's, again, nationally, like some of the things I've covered here, a cherished institution, a carryover from an agricultural society, and it's still going to be slow in removing. We can only remove the impact of it, and the extent of it. We'll probably never get rid of it completely, at least in the foreseeable future. But certainly, we've got to find other methods, and I think this problem is being recognized nationally. It's certainly a faulty basis of financing our schools. And I'm glad to see that finally, they're approaching the sane theory on a national basis that I learned from Harold Brown in his thesis about forty years ago.

It's a very difficult thing to explain, if I put the property tax in its proper perspective, because it is technical in nature. The theory of value is very technical, and I found that out very early in the game. There are volumes and volumes, and encyclopedias have been written on it. The appraisal science has developed to where you now have MIA appraisers that are in the same class as certified public accountants or attorneys, and the approaches to value are similar, and the profession agrees as to the basic approaches, but [there's] still an awful lot of a judgment factor in determining what the value of any individual piece of property is. And a person who is being assessed and taxed on his property naturally is emotionally concerned with it. Of course, all taxes are subject to emotional interpretation, basically being whether you're paying the taxes or maybe on the receiving end of 'em.

And when you start looking at anything with emotion, why, then, reason begins to fly out the window, and you're really not susceptible to it.

Everyone may have their own personal idea of value that can't be formulized. Some people, for instance, put a high value on property because it's on a hillside, got a good view. Other people, and older people—I can remember my father complaining on that—property that you have to walk up on a high hillside, and everywhere you have to walk is high, he wouldn't have it if you'd give it to him, because, for his purposes, it wasn't suitable. A person may like a piece of property because it's close to his family, or somebody else in his family; or he may dislike it because it's close to his mother-in-law, and he wouldn't have it, where another person thinks it's great. Some people think the proximity to schools is advantageous, and they'll pay a premium. Others don't—if it's close to a school, declines in value. So there are so many personal elements in value that it's hard to formulize, and it's just extremely difficult to get anybody to accept. Basically, people judge taxes—we find this in equalization boards—on the idea that they're just too high, or whether they can afford to pay them, which, really, hasn't anything to do with the process of assessment or of paying taxes, but nevertheless, it becomes emotional in nature. And very many of the complaints are just, they're "too much."

I can remember a story that was told to me in Utah. I used to go over there quite frequently because they were probably closer to our position than California, for instance, which is a much larger state and had grown much faster. And they told me the story over there, that they had begun to find out that taxpayers, many of them, just complained constantly, regardless of whether there was any justification for it, on the grounds that

it was “too much.” But they began going through building permits, for instance, on property that was being improved, and taking pictures of it. And it additions were built on a house, or something, they’d have pictures of it. This is a more recent development in the last twenty-five or fifty years, that they are beginning to build up individual files on taxpayers’ property. This is common now, to get pictures of property. But they said that they found that some of the people who came to complain about taxes, and when they were told their property had been improved and vigorously denied it, and when they were showed a picture of the improvement, became very, very angry [laughing] at the idea anybody should be checking up on ’em to the point of taking pictures of the property!

Another taxpayer came in with a tax bill, and sat down and started complaining about his taxes. And one alert board member finally said, “Well, I notice you have your tax bill there, but you haven’t opened it. The envelope has not been opened. And how do you know what your taxes are, and that they’re too much, too high, when you haven’t even seen the tax notice?”

[Laughing] The guy says, “Well, I don’t have to open ’em. Taxes are always too high!” Well, of course, that’s true.

But it’s also something I have occasionally, in my of ficial capacity, and probably more often in my personal capacity because it’s easier in that capacity, pointed out to people how fortunate we are in Nevada, because, really, even yet, we’re really God’s chosen few in the tax field when we look at our condition along with that of others, and compare ourselves with other states. And we’re, really, just very well off. We have a property tax limit of five dollars a hundred, and a constitutional limit that never will be changed. Perhaps it should be, but it never will be. It’s another

cherished institution, particularly supported by taxpayers and special interest taxpayers. And yet we can look in practically any state around us. We can look in California and see fifteen-dollar rates, and seventeen-dollar rates, and twelve dollar rates. We have a sales tax of three and a half percent in come counties, and three in others. And yet we can look around us, in California and Washington, and see five and five and a half percent rates. And the old cherished income tax principle, of which we have none as yet, inheritance taxes, and all of the other things. Yet you point this out to people, and particularly [laughing] if they’re mad about their taxes, they take very little comfort in it. They merely say, “Well, that’s the reason I’m living in Nevada,” and they take absolutely no comfort in it being pointed out to ’em that, really, they’re in a very, very fortunate position, because they react as most any other taxpayer does. They start from where they are, and any increase over that is bad. Whether you’re starting at a twenty-five percent value, or whether you’re at a hundred percent value, any change is going to be fought. And it’s particularly true in the property tax field. So I don’t think we’re ever able to console people very much, and yet, hopefully, we can keep that relative position. I think we’re going to find ourselves in the same position that I found when I first came to work for the state and resided here, when we had none of these taxes. We had no nuisance taxes at all, yet it was very evident we were going to have to have them some day. And I think we’re in same position with the income tax now that we were with the sales tax then. People are beginning to admit in whispers, where they can’t be quoted, that they think that probably it’s going to be inevitable. But they’re going to put off that day as long as they can.

We came perilously close to it this year, by the action of the federal government in giving

federal aid to local governments. And all of the concept that was worked on—I understand that there's been a little bit of change put in it recently—has been on the same theory that the Peabody formula was based on, or any of the rest of 'em, is the Lord and the tax-eating agencies help those that help themselves. So the federal government was going to ration its aid to local government on the same broad, general basis as the Peabody formula. And it's giving more to those states and governments that had progressed farthest in their own tax structure. There was two taxes most generally mentioned as the measure of determining how you were trying to solve your own problems. That was the income tax and the inheritance tax, neither of which we have. And yet, basically, it's understandable, that if you're giving aid to needy districts, that those who already have a high base and have exhausted practically every basis and rate of tax available to them, are entitled to more aid than those that haven't yet explored that. And Nevada would, of course, suffer on that.

I understand that our governor and some other governors probably in a similar position—have assured us that they may not be going to use that as the measure, but it's the same old attempt again, to give federal apportionments on the same basis that has been applied to state apportionments, and give it to those that need it the most. And the demonstration of need is the job they're doing, themselves, in their own local tax structure. We're going to go the same path, I think, that we did forty years ago, in that if we can look ahead for enough, we can undoubtedly see there will be a gradual change. [Taxpayers are] not going down, and we're just going to go farther along the path. We're just going to be a little longer getting there than larger states around us, and with that, we're very fortunate.

Taking up the Nevada Tax Commission and my last experiences with it as a commissioner, rather than as an administrator, we might touch on the last, and present, controversy that is surrounding it, and the schoolteachers' attack upon it through their state association, and I might give some of my reactions to that. Of course, the Tax Commission is being attacked now by the schoolteachers' group as being a special interest group, and not being interested in the public, and the welfare of the people, but being more influenced by public utilities and ranchers. The big attack, of course, is upon the ranching interests and their taxes. And I'm sure that in the next session of the legislature, there'll be a move to change the representation of it from the so-called special interest basis, and putting on more of what would be termed representatives of the public.

I think I may have covered previously, in talking about the Tax Commission, that I don't defend the present concept, and never did, of the Tax Commission and its composition as being the best solution for the membership of such a board, and I never have felt that way in all the time that I worked for it. I think maybe I have indicated, in talking about my experiences with the commission, the tremendous respect I had for the individuals that composed that body through the years. I had so much respect for them as individuals that I never could, ever, try to get the composition changed, get its representation changed, for that reason. I think I've recounted it. Charlie Russell and I had talked about it at one time. And I think he knew, as I did, that, basically, there were better ways to do it than the way we were doing it. I think Nevada's one of the last places that has the so-called lay boards, commissions, that handle policy, and I don't happen to be a particular supporter of that type of board. It

was fine when Nevada was a smaller state—of course, it was— and we couldn't afford to have full-time boards of this kind operating. But I think we were one of the last states—if not the last state in the Union—to follow this same position with the Tax Commission. The Public Service Commission was operating that way. In fact, all of the boards and commissions were originally of this type. So I think there are better ways of doing it. I think Nevada's big enough that it should have a professional, full-time commission. We should have tax courts—a better method of equalization in the tax courts. The average judge, unless he is more of a specialist in tax work, in my opinion, isn't fully qualified to handle a tax case. I've seen some of the judges do an excellent job in one or two cases. I thought Judge Grant Bowen did an excellent job in the proceeds of mines case we had. I felt that he must have studied it, and studied it a lot, to follow it as much as he did. There's been other cases where I have felt that the judge didn't have the grasp and the feeling of the basic tax problems, and the basic tax theories.

One of the problems in Nevada, always has been, is the lack of precedent cases by courts that have got good decisions. We've had to rely on precedent in California or some other state a lot, and, of course, it just doesn't exactly fit. And there was many, many years there that we had to go back to just one or two cases, in which the court had spoken out at all on it. So I think that we are growing into that period, where maybe we should have a better method of equalization, having a county board of equalization which is composed of the county commissioners, and a representative from the cities, and a representative from the schools, meet periodically for a month and listen to the protests of taxpayers. And then they can appeal to the state board, which meets

periodically for, maybe, another three-week period. And it just doesn't get at the problem.

I, basically, on the commission, feel rather helpless. And I wonder, with the many, many years I spent in administration of the commission, devoted a good portion of my life to that end of the work, I can't help but feel that if I feel inadequate and somewhat helpless in it, and confused, that others must feel that way, also, that is, deep down inside. They may not talk about it, but—.

We sat on cases two or three years ago in Washoe County. You get thirty or forty cases in front of you, and they become so involved, you can't even look at the property, you haven't got that time, you've got to work on evidence. And I think, basically, like a lot of other things in our democratic system, we probably come up with a better answer than we deserve on it. I think that, basically, [if] you've got a good, balanced commission, you've got people that're honestly trying to do a good job, that you probably come up with a reasonably good answer on it. But there's lots of gaps in it. And I don't know that correcting it, as most states have done, by expanding, going to a professional, full-time commission or board, as they have done, for instance, in the Public Service—. If you could get to tax courts, or a more professional basis of handling appeals—I don't think that'd give you the complete answer, and I don't think there is any complete answer to it—but nevertheless, it's really the direction, I'm sure, that we should go.

The recent attack on it is [of] being dominated by ranch interests. And, of course, it is true; they have a little disproportionate share there, and they used to have more in the days I was in administration, 'cause we, at that time, had a seven-man board, and part of it was by coincidence, but three of them

were ranchers. Actually, the man who was, for many years, banking representative was also, basically, a rancher from Lyon County. Now we have a nine-man commission, and two of them are ranchers, themselves. One represents land values, and is supposed to have experience in land and land values, and traditionally, that's always been interpreted to be acreage land, ranch land. And then we have a livestock representative on the board.

The present problem started with the chairman of the commission, the present chairman of the commission, who, as a matter of personal philosophy, has for many years felt that the ranchers, to put it baldly, are getting away with murder in the valuation of their lands. I have had a lot of experience with him, I respect him and his right to that opinion, but I've known him for many, many years. It's a matter of personal philosophy with him. When he was in the legislature in the late '40s or early '50s, and I was with the Tax Commission, he was constantly after us, both on railroad values, which, at that time, were quite high, and on ranch values, to bring them up. Basically, he has used as his main argument the amount of money that is involved in some of these big ranching deals in Elko County, and in Humboldt County, and around, and the people who come in and buy these ranches for a fantastic amount of money. And then you compare the way they're taxed on the assessment role, and, of course, it just looks ridiculous.

I don't happen to think that he's exactly right in that comparison, although nobody disputes the facts. He, himself, had a study done from someone inside the commission, I think, in which this was very graphically pointed out. These people are wealthy men, that come in and buy these things, and they buy 'em for a plaything, and they buy 'em for a

tax shelter. And I never realized, 'til I saw the dissertation that our chairman had on it, that they could take depreciation on cattle, and the various ways that were open to them to build up a capital investment, and still write off a tax loss. (To me that hasn't anything to do with the working rancher. No working rancher would possibly pay that kind of money for a ranch, and make a living off of it. These people make their living off of it, and they work hard.) How you get at these people is something else. I really doubt very much that you can, because the constitution, of course, says that all taxpayers should be treated equally. And to segregate these wealthy people out of here, and say, "Well, you paid \$2,000,000 for that ranch, so we're going to assess you on a proportion of value in accordance with what you've paid with it," and treating them differently than their neighbor, who may be running his as a working ranch, just isn't in the cards. You just can't do it and stay with the constitution. so you've got problems there. Maybe they are, undoubtedly, getting away with something that can't be controlled. But that isn't the only place that things like that happen in this kind of business.

I don't know that I've recited [this] before, but I think I may have. [It] pretty well illustrates the fact. One of the first large ranch sales in Elko County was to Bing Crosby when I was first on the Tax Commission. Howard Doyle, who was a man I almost revered, had ranching interests in Elko County, and I saw that he had sold his ranch to Bing at a tremendous price. so I asked him about it one time. I said, "Well, you did pretty well. You sold your ranch to Bing. And," I said, "how's Bing like the ranch?"

And he said, "Well, Bing hasn't got it." He said, "That's a strange story." Howard owned this ranch down the track a ways, towards

Wells, a ranch along the railroad track, and he said that a real estate agent came to him and told him he had a buyer for his property, wanted to know if he'd sell it. Howard said, "Sure, it's for sale at a price, but I don't want to sell it, particularly. It isn't up for sale." So they made a deal for this client, and he said he put a price on it that he just didn't figure that he'd get at all, and that'd scare anybody off. But anyway, the deal went through, and it turned out that it was Bing Crosby.

Well, Bing had come to Elko County, and had looked over a lot of pieces of property with this real estate agent, and probably some others—and he went back to ponder on it, and finally sent word to the agent, "Buy the so-and-so ranch," whatever—. The ranches around those counties are always known, generally, by the original owner, or somebody that's run it for many years. And so, actually, the piece that Howard had, had always been referred to by the old-timers in Elko by this French name. And so the agent followed his instructions, and bought it. And then when Bing came to look at the ranch, he found that he'd bought a ranch he didn't have any idea of buying at all [laughing], and it was totally wrong. What he wanted was, I think, the ranch that Newt Crumley's father had in northern Elko County. That was the ranch he wanted. So promptly, Bing said, "Sell that one, and buy me the one I want." This gets like Howard Hughes, buying hotels. You can't value a hotel in Clark County just on the basis of what Howard Hughes happened to pay for it because he wanted it, whether it's a plaything, or for personal satisfaction, or anything else. And I think this, largely, is the basic problem.

Jack Hunter, our chairman—and there's been lots of pieces in the newspaper, and he's been on the television and radio—knew that the teachers group, particularly, was looking

for a broader tax base, and they were looking for more value. And, naturally, when taxes are a very emotional thing and they become so wound up with emotion that—. This is one of the things that happens in most of these boards of equalization. People become emotional and high strung over them, but not logical, and, of course, those real emotional ones, you can generally spot. But you start changing land values in Nevada, and, of course, ranchers are probably more emotional about taxes than any group that I've ever had any experience with. You start interfering and raising their taxes, then they come in, stomping in their boots. They get real mad. And I think there's a reason for that. They work hard. They work with their hands, and they work with the soil. They work with livestock to make a living. And lots of times, they make a pretty good living out of it, but everything they own is on the property tax base, whether it's land, whether it's hay, or livestock, or cattle, or anything they've got. Practically all of their possession is subject to a property tax, and, of course, a pretty heavy one, because of this, and because of the emotional nature of it, because of the difficulties of assessment, that, I think, probably, they get a pretty good tax break. But I certainly don't think that it is anywhere near the way it's represented to be, by the case that's been recently put up, for instance, comparing these fabulous sales of ranches to a working rancher.

I think the schoolteachers have made a big mistake in taking this as their issue, and I think it's going to rebound on them before they're through. I don't know, of course, what the consequences'll be, I don't know what the results will be of their campaign in the next legislative session. But the big mistake—and I think I've treated on this before—is the fact that property tax is practically the sole base for school revenue. And they should be

fighting to get off of the property tax, instead of attacking the property tax, trying to widen that base to produce more money. I don't think anybody disputes the fact that they're doing it because they think that if they can widen the base, and they can get more money, they can get more for the schools, and for their salaries. And certainly, that's understandable.

But the property tax—and I know I've brought this up before—is an impossible tax. It's an unfair tax, it's impossible of any equalization because it's based upon value, and value is a matter of opinion or a mental condition, as is illustrated, for instance, in what these [wealthy] people pay for ranches. It's a carryover from an agricultural society, and it doesn't fit into our present industrial economy, because at one time, land was the basis of all value, but it certainly isn't now.

Now, of course, with this goes the charge that because of the commission's being constituted the way that it is—a representative from livestock, a representative from land values, a representative from utilities, a representative from gaming, a representative from business, a representative of the public transportation—it is a special interest group, to that extent. But in the operation of the Tax Commission through the years, I have never seen any of these men take particular advantage of their position to try to put over any influence upon the commission, as such. The idea that if a man is termed a representative from the public, that that makes him any different acting on that commission than somebody who is a representative of business, or any of the other basic industries of the state, just isn't true. And I've never observed any real difference in their operation. Now, this was built up, that Jack Hunter was a representative of the public, and this is the reason for his stand. And that's not true, because he isn't a representative of the

public. That newspaper article was wrong. He is appointed as a representative of business, as a businessman. But that, basically, hasn't that much to do with their stand.

Now, they are undoubtedly there; they're conscious of the industry they represent, and they are there to see that it gets a fair deal, and that the problems of that particular industry is represented and is brought to other members of the commission who are not as familiar with it. But I have never seen any real, undue influence on this basis, and I've really never seen it discussed in this way. And I just don't think that it really works out that way. It is a taxpayer group, in that it's taxpayer conscious, and it bends a lot of its efforts to seeing that the taxpayer isn't taken advantage of, and probably learns to listen to the taxpayer's side of the story, and probably acts as a counterbalancing effect on a professional staff that operates, probably, a little the other way.

The present Tax Commission has the most capable representation on it of any commission that I've ever had any experience with. They're some of the finest members, and some of the most intelligent. They're far better equipped than the old commissions were to deal with these problems. I don't really think the schoolteachers are right in trying to change the composition from the so-called special interest groups to representatives of the public.

Now, you may change it from a taxpayers group to a tax spenders group, and this isn't good. And actually, now, we have, as a representative of the public (I have just only seen her at one meeting) a schoolteacher, seems to be a very intelligent person. But schoolteachers are special interests, too, very much. And, of course, they're interested on the spending side. Perhaps there should be a better balance. I really don't think you would get it, and I don't think the thing would act all

that different. I think it would act different if you had three more schoolteachers on the— [laughing] on the group, and I don't think that it would be a better commission for it. I just don't think the answer lays in changing the composition in that manner. I think it lays in another matter. But I don't believe people are even ready for it yet. They never have been, in the commission.

They're attacking utility values and railroad values, again, because this is an easy way to go, to assume that the big soulless utility is getting tax breaks that nobody else gets. Of course, they are capably represented by tax representatives who know their business. But actually, the staff of the commission, itself—and it's a very complicated procedure to fix utilities valuation, and commissioners are lucky if they can just understand the nature of the procedure and the basis of it, but not the mechanics of it. And actually, they take the staff's position for that, most entirely. The staff works out the formulas, they work out the assessment basis. The utility [and] the railroad valuations have, through the years, been lowered. They've had to be. And I just don't think there's that much of a break in it.

As I say, I do feel an inadequacy in the property tax field. I think it's an inadequate tax, basically. And the present land value representative on the board is one of the most intelligent commissioners I've ever known. He works hard at it. He works hard at fields outside of his own ranching fields. He's probably one of the hardest working men on the board. And admittedly, he sees he's a rancher, himself, and he sees things from the rancher's side of the picture, but I certainly have seen no undue influence from any special interests.

One of the arguments that's used is that land valuations haven't been changed over the years. And I think that is basically true.

It's not quite as true as they represent it to be, but basically, land, acreage land, isn't worth a lot more than it was twenty or thirty years ago, and in many instances, not as much, because we were in more of an agricultural society than we are today. Today, of course, we're in the era of big land holdings, and big developments, food's produced on a mass basis, and there just isn't that much difference.

The University, of course, did a study on the matter, and the Tax Commission staff did a study on the matter. The staff came up with higher values than the University did. They approached it on an entirely different basis. I wasn't completely satisfied with either study.

I do feel, and did feel, that possibly, some agricultural values could be brought up some. But I don't think they're anywhere near the way they're represented to be in this emotional approach that's been taken on it. And that's what it is; it's really an emotional approach. It's something that's so hard for the lay person to understand, the theory of property value, and I would say, sometimes, it looks quite ridiculous, when it really isn't. The ridiculous portion of it is in the nature of the tax, itself. You can find examples in any area you want to take in the property tax base. You can go on local assessments, you can go from a house in one end of town to the other, and run across apparent inconsistencies. They're not as inconsistent when someone who's trained at fixing those values can bring them out. But basically, it's an impossible tax, and the thing we should do is deemphasize it, rather than to try to increase the emphasis on it, as the teachers are doing. Maybe they're doing it out of desperation. Maybe they figure they've tried every other base and are just going on this one.

Personally, I would like to see some changes made in the basic theory of the Tax Commission, the composition of the Tax

Commission. I don't think that it's anything that's apt to happen real soon. I could be wrong with that. But I do feel that it's probably—as a matter of personalities with it—it's probably the best commission I've ever observed. And they're conscientious men. They devote a lot of time to it. It takes a lot of their time, and it's given willingly. They certainly don't do it for glory. They're very conscientious in it.

Just recently, we had a case with Kennecott mining company, and, of course, the mining commissioner is general manager of Kennecott, and he disassociated himself completely with it, even left the room, and I never knew of any case during the deliberations where he even, by the slightest indication, gave any idea of trying to influence the decision at all. Actually, the decision went as much against 'em as it did for them. I think they lost most of their points. They did win one or two. Now, when it was something—a ruling, or some precedent that affected the mining industry as a whole—he would explain it as a professional, and as a man who was thoroughly versed in that particular segment, and would bring out the problem very well. But I never saw him— never saw any of the rest of 'em, for that matter—use influence as people might suspicion that it was used.

And when you start talking about representatives from the public, that's one of the problems that we have with public life today. There's probably no place where a person is entirely disassociated with any special or individual interest. It's just a term that sounds good, but basically, when you get down to it somewhere along the line, your own personal life dictates your reactions, and some of the stands that you might take, and your own personal philosophy. So I don't think that's the answer to it. Perhaps we're not big enough yet to get into a real professional

handling of it. Even that leaves much to be desired, but I certainly believe that's the direction that we should go, rather than to complicate it or try to solve it in the same pattern that we're moving now.

I might add that this so-called property tax inequity, and the glaring weaknesses of it, and the glaring weaknesses of it in administration, is not peculiar to Nevada. Every other state in the Union has had problems like this. A lot of states are further developed than Nevada, in that they hit these problems earlier than we did. We grew up from a small community, and didn't come in contact with 'em so soon. But I've seen many times, this same pattern, and same studies, in other states that'd make your hair curl. They're the same basic problems. There's the same apparent inequities in it— and I say apparent, because in a great many instances, they're not as inequitable as they seem. That doesn't mean that there isn't inequities, but they're not as inequitable as they seem, and it'll go on as long as the property tax is our main tax base.

California's had some tremendous fights in it. And they're not all one-sided. I think, originally, the railroads, for instance—I think I've covered that somewhat in a previous [section]—were used to provide revenue. And they can tell you stories that'll make your hair curl, particularly in the early days. Finally, the railroads got to the point where they instituted suits. They did in California. And as in Nevada, and in practically every other instance, their legal staff finally told 'em they'd better settle, because they just weren't on sound grounds. They were traditionally following the old base, and as long as railroads, for instance—and they're the most notable in this field— could pass their increased costs (the tax) on in their rates, they just didn't fight it too hard. This is the easy way to go. But when the railroads no longer could pass on

any increases of expenses in the rates because of competition (because of trucking and other methods their rates have to be competitive) then, the pressure came to reduce costs. It was the only way they could stay in business. And when they began to look at this tax structure as it was twenty years ago, things they'd never paid any attention to, and accepted as part of the risks of the business, kind of shrugged it off, they just didn't any longer do that. And California found a tremendous inequity in property of railroads, practically two to one, and in property of other owners. And when the railroads finally came in, and put it in as a matter of suit, why, the counties began to spar for time, and began to readjust their approach on it. And in Nevada, they did the same thing. They just had to, because at one time it was pretty easy to garner taxes from the railroads, but it's just got to the point where it had to be more equitable.

Now, that isn't a popular stand. I've said that many times, the perfect tax is the tax that somebody else pays (in the eyes of the taxpayer). And as long as somebody else is paying it, it's a good tax.

One of the notable Southern Pacific cases was (because of the nature of valuation that California uses, they value all property of railroads; we don't in Nevada, but they did, regardless of whether it was operating property or not—if it was subsidiary property, they valued it on their own formula for utilities) the railroad had purchased a warehouse, which was shifted from private ownership and being assessed by the county assessor to property of the railroad, being assessed by the State Board of Equalization of California. The new president of the road began to look at the values, and found out that when it became railroad property, the valuation was doubled. And that sent him right straight through the roof. He got his

attorneys and told them that anything of that kind wasn't right, and to correct it. And this, primarily, came because the state board, as I recall it, was valuing on fifty percent of value, and the county assessors were satisfied with twenty-five percent of value. And it became so apparent in this particular case. So they instituted a suit against all the counties in California, and they started 'em scrambling, scrambling for cover on the thing, because it was a patent inequity.

Part of that—a lot of that stems from the fact that the county assessor is an elective officer, and he is assessing his constituents, who, every four years, he comes around to with his hat in his hand and asks them to vote for him. And he can't have real unhappy taxpayers. I don't know how you're going to correct that. Of course, the obvious answer is to make them appointive and put some qualifications on 'em, but it stems back to the same old futile argument that goes on in government all the time. You change an office from an elective office to appointive office to get it out of politics, and somebody has to appoint 'em. And generally, whoever has to appoint 'em has something to do with politics, so you've got 'em right back. And it's a vicious circle, and particularly, in small counties. A small county assessor just isn't equipped or capable of properly assessing it, and he isn't emotionally capable of doing it, because he's assessing his own friends, and neighbors, and constituents. So it's a tremendous inequity from that point of view.

In this same business, the attack that's going on in railroad evaluations, there's an attack on railroad land values. And that's entirely misjudged because the assessor essentially assesses that property by placing it into classes that the Tax Commission designates. And it's the assessor that determines what class property it is, and that, of course, determines

the value. So there's a common misconception that because the railroads followed the old checkerboard system in the original land grants—that is, every other section within a certain distance of the right-of-way was granted to the railroads—a person looks out and sees property on the side of the railroad, and they assume that that's railroad property, and it isn't. The railroad has sold a great deal of their land in the past eighty years or so (or however long they've had it since the land grant days) and, of course, the choice property's been sold into private ownership. And what remains is grazing land, alkali land, and so forth. But it's, again, an emotional thing, and we're never going to correct the problem of the county assessor, regardless of whether he's appointed or elected. He's still going to be a human being, and he's still going to be subject to the same errors.

THE ZOO JOINTS AND OTHER CON GAMES

Well, perhaps we should go into the “zoo” episode, as we call it, as a topic, and try to take it from the beginning, and as it developed, to the best of my memory. I may not have everything in a complete sequence of events.

Very early in the game, when it was known that the Tax Commission was exercising some controls over gaming, and the honesty of the games, and so forth, we started receiving letters complaining about a little place called Emigrant Pass, which is, as its name indicates, at the top of the pass between Battle Mountain and Carlin. The superintendent of state police [Lester Moody] was also getting letters concerning this, and reports from his patrolmen working that area. The letters began to pile up, and Governor Pittman became concerned about them (some letters were addressed to him) and asked that we consolidate them all into one file. The superintendent of police started bringing them to me every time that he got a complaint, and gave me verbal accounts of what his patrolmen would report as happening in this spot. Governor Pittman was about as

worked up over this as any incident that I can remember, because it was flagrant, and it was bad for the gaming image in Nevada, as it existed then. And the letters all followed a pattern, and we started to investigate at least what was happening here.

We found that, and I had noticed a number of times in driving in the area, that there would be these signs before you would get to Emigrant Pass, advertising a zoo in a stopping place, various animals, and, “See the Snakes,” and, “See the Badger, and the Coyote, the Native Animals,” and so forth. I always noticed there was quite a number of cars around, and quite a crowd of people, generally family people traveling, or couples traveling by car. And it surprised me at the time that a place as small as this and as isolated as this would attract the number of people that it did.

We kept getting complaints that people would come in there and would be approached on the outside by someone getting out of a car bearing a foreign license, and would start the tour through the place with them, and strike up a conversation with them. They

had a number of things for sale, and curios, and then they would have this little tour of the animals. The guide would follow them, lecturing about the animals native to this particular area, and evidently giving quite an interesting talk, and would attract a crowd of people. The man who had approached the people on the outside would stay with them and strike up a conversation with them concerning various phases of it. And then they would get to the end of the tour—and I later found out in other places that this was virtually a maze. It was so directed that a person, once they started, had to follow this little path and this little conducted tour, and would end up in this door in this particular section of the place. And they were told that there was a lot of Indian blankets piled up there. Generally, the person who had started the conversation on the outside would ask, “What are these things for?”

And they were told, “Well, these blankets are just for the Indians in the area. They like blankets, and they like to gamble. But they don’t play for money; they like to play for blankets. And they won’t play the white man’s game because they can lose. They want to play a game that they have very little chance of losing. The Indian is a very astute person in this respect. And we just keep it here for this purpose.

And a person, the “outside man,” as we will designate him, would say, “Well, that’s interesting. How does it work?”

“Well, would you like to see how it works?”

And they would very furtively pull a board out from under these blankets and say, “Well, now, this game is played with, I think, nine dice.” (I think the game varies, and my memory isn’t that close, but it was nine or eleven dice, or something like that.) And they said, “It is sometimes referred to as the

‘twenty-six’ game, because the only number that you can lose on in this combination is the number twenty-six. Any other number is either a standoff or a winning number.” And they said, “We’ll show you if you’re interested in seeing how this works. We’ll show you, you can’t lose at the thing, except with the one number, and that’s very unusual. It’s a hard number to get. And we’ll show you how it works.”

So the man would say, “Yes, I’d like to see it.”

“Well, we’ll just play it for a while. We’re licensed here for gaming.” They would have a gaming license on the wall. “We’re licensed here for gambling in Nevada, and we carry out a legal enterprise. But if you’d like to see it, we’ll show it to you.”

And it’s, of course, based upon the pyramidal theory. That is, a person starts out with a dollar, and they throw the dice. We always got the complaint [that] the count on the dice was quite rapid. The dealer would count the dice. And as Alan Bible told me once, after we’d gotten along into the investigation of it, “I have a hard enough time counting two dice. I don’t know how anybody could count nine or eleven dice with the speed that they play the game.” But they would reckon along. They’d say, “This is a standoff number. Now, if you want to double your money, we’ll double our money.” They’d put up a corresponding amount in the pot, match his dollar with a dollar. They said, “Now, if you’ll double it,” and he’d put two dollars down, and they’d put two dollars down. And so they’d play again, and they’d say, “That’s a standoff number, and it’s just seldom you ever see a real losing number in this thing. But you can win, the Indians win on it.” They conducted the game very rapidly, and, typical of a carnival barking, or anything else, they would talk rapidly and constantly. And then they’d pyramid the money again,

and they'd say, "Well, now, you've got—" They would double the three dollars, "You now have six dollars in there. So now, how would you like to play for twelve dollars apiece?"

And somewhere along the line, about this point, the man would say, "Well, I have no more money, and I just can't play the game any further. And it's a shame to let all this money stand here, (there's maybe twelve dollars in the pot), and he'd turn to the people that he had cultivated on the outside, and say, "If you'd like to continue [with] my money, why let it drop? Why don't we continue with the game? And you can just play from here on with my money."

Well, they would pyramid them very rapidly from that point on. And I found out later that it was pretty much gauged to the situation, and the people were very good psychologists. They can size up people very quickly, and they would start pyramiding this money until they had all the money they thought they could expect from the person. And it was amazing, the stories we got from—and it is typical of games of this type, of people who, once they would get caught with an investment in the money, would keep getting drawn out, and drawn out—people who were traveling on vacations, and who would get carried away, they'd see this immense amount of money in the pot, and now they would build the pot up. They were not averse to doubling their share of the pot, if they thought it would attract anything. For instance, they might get to the point where there was twelve dollars apiece in, and they'd say, "Well, now, look. We'll put twenty-four dollars in this pot, and you put twelve. Now, you've got maybe sixty, seventy dollars in the pot, and you can win all of this on one sweep of the dice."

The games varied, but I believe they had more than one winning number. But the count

kept going on, and the dealer would bring the count on, and would call it out, and it would always be neither the winning number or the losing number. People complaining said they would start to complain that they wouldn't be able to verify the count, but because it didn't affect them that much, they didn't think too much about it. From that point on, they would pull into everything that they could extract from 'em. And they kept piling more and more money—they weren't averse to putting a lot of money into their pot. They would build it up to where there was several hundred dollars in the pot.

We found that people had everything they had being extracted from them. A constant story that we got was interesting to me because it illustrates pretty much the struggle between the sexes. Invariably, the man would spend all of the money he had and then start to ask his wife to come up with more money, and the wife was constantly tugging at his sleeve, trying to pull him away from the game. Women were naturally more cautious. They realize[d] what the man was risking, probably all of his vacation money, or all of their money, but he would insist. In many cases the story was told us, [he] would insist that his wife give him the money that she had in her purse. And sometimes, they were stripped of everything that they had. They would then go on down the road.

The nearest spot on the road coming west was Battle Mountain. On the other side [east], Elko was the closest town. And actually, Battle Mountain is in a different county, Lander County, and Elko is in Elko County. The Emigrant Pass is in Eureka County, and yet, there is no other settlement of any size [on that road] in Eureka County. It's just a little arm of the county that extends into the highway that was originally put there to get part of the railroad valuation, which was an

old game, in the old days, in establishing county boundaries.

People complaining would be told, "Well, this is a complaint for Eureka County. We can't do anything about it," regardless of whether they went to Elko or Battle Mountain. The sheriff there might be very nice to them, but he'd say, "There's nothing I can do about this." When they found that they had to go to Eureka to complain, and there was no direct road across there, they were a long, long ways away, they were in the middle of the desert, and there was really nothing they could do, they would come home. Some of them had to borrow money to get home, some of 'em had to discontinue their trip to get back, and would write us after they got home.

By this time, [we had] started to investigate this game. The place was run by a man by the name of Ernest W. [Ernie] Dennison. He's one of the most personable and smoothest men I ever ran into, tall, dark, and handsome, as the saying goes. He was a—as I later found out—a typical Mississippi riverboat gambler in the films, a smooth southern drawl, very fine personality. And I recall that he had come to our place and had gotten a license from us to run a Chuck-a-luck game. And this was before, when this originally started. This was before we had any particular control over games, other than to give 'em the license. He told us that he wanted to run a little Chuck-a-luck game. And I found out this was the license he was using to run this game by. When we'd start to complain about it, or tell him he had no authority to run this type of game, he'd ask for a definition of the Chuck-a-luck game. And it's pretty hard to go into the law anywhere and find the Chuck-a-luck game described by other than its name.

And he'd say, "Well, there's many variations of this. We think it's a Chuck-a-luck game. We use a number of dice as Chuck-a-luck

dice. We don't use a cage, but we think it's a legitimate game. And what do you care, as long as it's licensed?" Well, we told him we did care, and we were getting these complaints, and, of course, he always had some other smooth story, that they were exaggerated, and people were trying to take him, and so forth.

Governor Pittman gave the charge to the superintendent of state police to run the game down, and to see what could be done about it. I recall one complaint of a minister who wrote us and told us that he had never gambled in his life, but that he drank a bottle of soda pop, and then he would swear that the pop was doped, because he immediately got the urge to gamble, which was something he *knew* was wrong. And he lost everything that he had in the game. But always, these complaints came from Maryland, or from Pennsylvania, or from Chicago. As I recall, that was about the closest place. Places far away. They were people who couldn't come back to complain. They could only complain by letter, and the matter was just getting worse. The superintendent of state police was reporting to us regular, and to Governor Pittman, and to me, stating that he was doing everything that he could to run this down, and would tell us of some of the stories that came up.

I took the file over to Alan Bible (this built up over quite a period of time). We finally—when we got enough authority in the law, and from the attorney general's opinion we finally refused to reissue the Chuck-a-luck license. We were, of course, opposed by an attorney that would come in and ask on what basis and what proof we had. They would demand to have the people face them, saying this was a story. I know [this demand] is a proper one in most instances, but sometimes, it becomes very difficult, that every man is entitled to face his accuser. And how can you condemn him

by people who just choose to write letters? Well, it became very obvious that these people were being carefully selected, and were the type of people who couldn't come back to complain.

We never saw the game in operation in Emigrant Pass. Any time anybody from our division stopped (we, of course, were, in those days, traveling in state cars that were marked with a seal), and everything was just extremely quiet. The people that were going through there were just looking at the animals, and buying soda pop, or buying a drink at the bar, and so forth.

As I say, we finally took away the license, which wasn't easy in those days. We didn't have a developed program, or a basis for it, and refused to issue it. But then, they operated the game illegally. Then we got constant complaints. We got the same complaints, but now, there was no license. They did have a license for slot machines. In those days,—[it] is still, to a degree, carried on in the same way—we separated the slot license and the game license on the theory that a slot machine is a mechanical instrument, and as long as we can inspect it and see that it pays out everything that it promises to pay, that it's kind of a matter of caveat emptor. If a person wants to play them, why, they can. But it's a different—it can be manipulated, like a game can.

The complaints didn't stop—in fact, they may have increased. Whenever we would try to investigate anything about it, we were just told that it was a blank lie, that this wasn't the case, and told we would have to prove it, that they didn't believe it. I think Dennison would tell us he wasn't there, but he was sure, and he knew that nothing like that would happen. He was gone at times, but it'd have to be proven to him. Well, of course, we never came up with a complaining witness.

This was a source of constant irritation to us, but we were rather frustrated in trying to do anything about it. It began to get a little publicity, but not much.

I found out, then, that people, when they became economically concerned with an operation, were not too concerned about a rather intangible thing called public interest. Businessmen who were selling supplies to them, the landlord who rented the building and was getting a generous rent that he could get from no one else, and a place, probably, that had been struggling along, was all of a sudden blooming—these people were always ready to align themselves on the side of the operator, and come complaining that we were taking everybody's business away from 'em by not giving their place a license, that the place deserves a license. It wasn't hard to get attorneys to represent 'em. We were under constant pressure by some business interests, and some people who obviously had something to gain by it, that we were being too hard on them, and nothing was ever proved, and after all, gambling's been carried on in Nevada for a long time, and people are supposed to look after themselves. The public generally wasn't really ready for tight controls of gaming. So we were constantly frustrated by it.

Later, we began to get reports of a place being operated similarly, a place outside of Las Vegas called Rock Station. I wouldn't know how to place it now. It seemed then that it was a long ways out of Las Vegas, and it was a rock building but I imagine it was along what might be the end of the Strip now, somewhere on the old Los Angeles highway somewhere around there, that area.

In the early times of this, I didn't even have a gaming man down here [in Las Vegas]. I did have an inspector in the use-fuel division that tried to keep track of things that were

going on down here for me, and would tell me what was going on, and occasionally do errands for us, or would go out and collect a delinquent license, or whatever was necessary. And he told me this same operation was going out there, but that he could never find it in operation. We were not getting complaints about it to the degree that we had from Emigrant Pass, but that it was definitely operating. But every time he drove up, why, everything was very quiet and all right, Of course, he was driving a marked state car.

We were told that a man by the name of Blackie Ferguson was running this place, and we did get a rundown and found out that he was a questionable character, had been involved in a number of incidents involving the "con game," so to speak, although I don't know or recall whether there was any conviction on his record. They had slot machines, and the slot machine licenses were given without question. They had no other licenses that I can recall. In the beginning, before we started to control licenses at all, they could've had a gaming license, or anything else, issued by the county, and we would never know about it unless we ran across it.

Dewey Ebert was our man down here in the use-fuel division. I did go down with him once. We parked at the outer rim of the parking lot, and I did watch the operation. And that's when I found that—and this was a zoo, the same way [as Emigrant Pass]—that this was virtually a maze. It would start out in a defined path, and this man—I presume it was Blackie Ferguson—would come up to a group of people and would start [talking]. He was very good on snakes, and snakes do fascinate people, particularly in deserts. He would give a very casual lecture on snakes, and he would point out the various ones. And I even found myself absorbed by just the

casual and informative way that he would tell you what area they were native. By this time [we] knew pretty much what we were looking for and then he would question people, "Well, where are you from?"

The man'd say, "Texas."

And he'd say, "Well, now, you don't have this snake in your—in this area, but you have such-and-such a snake."

And he'd ask somebody else, "Where are you from?"

And they'd say, "Kansas," or someplace else.

And he'd say, "Well, you have (a certain type of) snake."

And I would notice these people, some of 'em would pick up and say, "Yes, that's true." And then he'd get into a little conversation with 'em about it.

I didn't see any outside man. I felt we had been spotted when we went into the parking lot. I may have been a little overly suspicious of that. He had gone around to three or four people in the group, and he turned to me and said, "Where are you from?"

And I have to confess, as bad as it sounds now, that, without thinking—and I just couldn't say anything different—I said, "Oh, I'm from Nevada, but I'm from the northern part of the state)" And I noticed that, from then on, he rather dropped interest, and just let the people go on their own way.

We followed the "maze," as you might term it, and followed the trail. They were rather pitiful exhibitions, really. He had a fair snake exhibit. And then, in order to go out of the place, we had to go through this door, and we could see the setup there. There was some variation of it; he didn't give blankets, but he had something else [that] was connected with the Indians. It may have been baskets, or it may have been something else, but to

attract attention and to attract questions. We could see the covered table there. But nobody accosted us; nobody said anything more. And we went on about our business and left. But I at least got a little insight into the way that it was operating, and knew that we probably, the way we were set up, traveling in marked cars, and so forth, we could never be able to get any real basic information on it or witness the game in operation.

A little later on, I was coming down to Las Vegas with Reese Turner and his wife (Reese was our first field man in gaming). This was, now, still in the days when the county issued the licenses, and we merely went around and issued them as a matter of record. I had heard that there was an operation at Lathrop Wells, and Reese had heard of this place. And we were driving by, and Reese pointed over there and said, "It looks like that's the operation right over there. Let's stop."

There was a rather large parking area there, and we stopped away from the place. We were a little bit disguised in the fact that Reese's wife was with us, and we looked more like tourists. And so we parked the car and walked into this little shanty. Of course, there was a service station, and a bar, and some other things in Lathrop Wells, and this was a crude shanty. We walked in, and there was a kind of a crowd of people around this game, and nobody paid any particular attention to us. We walked on the edge of the crowd, and saw them operating. I saw quite a bit of money in a pot in the center of a table. And he was chanting, "This is the only game that you can play that you *can't* lose in. There are no losing numbers. The only way that you can[*t*] beat me is to quit. And you get your number—or your numbers—" (There may have been—as I recall, there was more than one winning number.) "And you get it all. You

get the pot. The only way that you [can't] beat me is to quit."

There was a young man playing the game, and as we walked in, he reached into his billfold. I was standing alongside of him where I could see his billfold, and he pulled out a twenty-dollar bill and said, "I'll take another twenty of that."

And evidently, they were playing the game so that when one player gave up, they would offer the pot to another one, and there was a lot of money in the center of the table. So by putting twenty dollars—because I definitely recall he said, "Another twenty;" he had evidently placed a twenty before—he was getting a chance to win a lot of money that was piled up in the center of the table. He played it, and the game went on. They would throw the dice, and, finally, the man would sweep up the dice, and say, "This is a standoff number. Game's over. What do you want to play this time?"

Well, I could see recognition kinda dawning over this young fellow's face. And I also could see the young wife (I wouldn't even be surprised they were newlyweds) tugging at his sleeve, trying to get him away from there. And the man said, "I'll tell you what I'll do. Let's take one more crack." He said, "You put in fifty dollars," as I recalled the amount, "and I'll put in two hundred." And he started piling money into this thing [gesturing]. "You've got a pot here of six hundred dollars—five or six hundred dollars that you can win with just one flip of the dice. And you can't lose. Why don't you flip it?"

Well, the figure—and I think it was fifty dollars he named—was exactly the amount I had observed as being left into his wallet as he thumbed through it to get the twenty dollars out. But he shook his head. You could see he knew what happened to him. He said,

“Forget it. I paid for it,” and the wife, still tugging him out, pulling him out the door. And I can remember, as they went by me, of her hissing—and that is exactly what she did. She hissed the word, “Sucker” at him, and he just shrugged his shoulder and went off.

They ballyhooed the game a little more, and couldn’t get anybody to take it, so they raked in the money that they had.

I was practically shaking with rage, because we were getting quite involved in this, and it was so obviously a con game, that I went over and asked for the proprietor and was introduced to a little man by the name of Pollitte. I think it was Leo Pollitte, he said his name was. And I came up with the usual dialogue, and asked him where his license was. He said, “I have it,” and he pointed to a Nye County license.

I said, “Well, that’s a county license. Where’s your state license?”

And this was nothing unusual. I think I pointed that out before. He said, “Well, we have this license, and this is the only license that I know that I was supposed to have.”

“Well,” I said, “no, you’re supposed to have a state license, also.”

He started inquiring about the state license. He immediately asked me about it, and, of course, expressed the usual surprise when he was told that unless it was in excess of \$3,000 a quarter, he didn’t owe any money, and if it was in excess of \$3,000, he owed one percent. And he said he would immediately get a license.

Well, I can remember being hot enough that I told him I didn’t know whether he’d get one or not.

He asked me some other questions about it, and I could immediately sense that he was a very shrewd individual. And I also recall that he started after me on the old tack. I told him, I think, flatly that he had a bad game, and that I

didn’t think it should be licensed. He, of course, went back on the old tack that, “Well, evidently, a license is only for the big people, the people with influence in Nevada. A little guy like me, that comes along and tried to make a living, can’t get a license. Isn’t that right?”

I told him they didn’t have any chance to win in the game. And he said, “On the contrary, they can’t lose.”

We got, really, nowhere. We did complain, or pointed out to the Nye County authorities, and, as I recall, they took the game up to a Nye County licensing board and demonstrated the game, and were given the opinion by the district attorney that it appeared to be a legal game, so that it was a game that could properly be licensed, any game of chance could get a license. There was no definition in the statute, except by reference to names of games, and it was perfectly proper for them to license it. (We were trying to get the Nye County authorities to refuse a license.)

And this went on for awhile. He came up and applied for a state license. I can’t recall from that point what happened to it. It was a very crude game, and I think they had one sickly coyote, or something, that was their exhibit. They’d have signs up the highway to, “See the coyote,” when the coyote was strictly a matter of getting people stopped.

They began to find out that Nevada was an ideal territory for it, because people traveling long distances and in the heat get tired, and they want to stop and get a drink at the bar, or they want to get a coke, or a refreshment, that it’s a pleasant interlude to stop and look at most anything that’s being exhibited on the highway. And it was surprising, the number of people that would stop just at a few signs at a few mile intervals of something interesting coming ahead.

I can’t remember whether the game folded up, or what happened. It didn’t last too long

in Lathrop Wells, but merely gave us a bigger insight into how it operated.

Another thing that I was beginning to find out was that, by coincidence at least, that both operators exhibited very plainly a Masonic ring and emblem, and would kind of make a point of displaying it. I know that Pollitte used this in at least gaining an audience with some of the people. It was done, obviously, to inspire confidence in their game. Things were getting tighter and tighter, and we were beginning to get more and more rumors about the game. And we were beginning to get more and more rumors about the activity of the state police in the game, yet we couldn't tell whether it was a matter of the state police investigating it, as they were ordered to do. We also began to find out more about the game in Emigrant Pass, which was still going along.

I don't know where this started, but somewhere along the line, they had a deputy sheriff from Eureka County on duty on the premises. And when a person would start to complain, we began to find out more and more that the tactics got a little rough. Something that I learned a lot about later is the people of this type, the more you put them to defending themselves, they come back with a counteroffensive and take the offense away from you, or from the person that's complaining. And they took them immediately to this deputy sheriff, they pointed to a gaming license, which said, "Gaming License, Eureka County," and later, "State of Nevada" (which was a license for slot machines), and say, "We operate a legal business here. We're operating a gambling game. You know that sometimes, in a gambling game, you have to lose as well as you can win, and just don't start anything rough."

And we also found out that when the losing number—I don't know whether I pointed this out before—all of a sudden the

dealer would, in this Emigrant Pass game, would reach out and sweep up the dice, and say, "Twenty-six. You lose." And when somebody started complaining they didn't have time to count the dice, they'd say, "Well, we've been counting them that way. We count them, and we know that it's right." Of course, the dice had been swept up.

The minute that they started any kind of a complaint, or becoming aggressive, the other side became twice as aggressive, and would even say, "Are you trying to start something?" trying to put them in the position of trying to start physical violence. They'd hustle 'em off and say, "Now, here's a deputy sheriff. If you want to complain, complain to him. You can see that he represents the law here. We operate a perfectly reasonable game, and you just have no right for this." We found that it was pretty much varied according to circumstances, but the more aggressive the person became, the more quickly they were hustled out of the place and sent on their way. We began to get reports that it began to get down to a point of practically muscle, of them just being muscled out of the place and told to get on about their business. And some people confessed later they were frightened of them.

We were becoming more and more concerned about this, and we were getting many other rumors. We were getting rumors that began to make us very uneasy as to what might be going on. It's hard to tell just how far these people went. They cultivated, for instance, local people. They would undoubtedly be very attentive and very kind to the local deputy that was stationed there. And, of course, I don't know to what extent they went to them, but it was very obvious that the deputy was on their side. I didn't do it directly, but Governor Pittman had asked people who were going through Eureka County to stop and talk to the local authorities

there, and the sheriff who issued the license, and they found—well, just generally apathy. People shrugged and just said, “Well, so what? They operate a gambling game, and you’re just getting a loser beef,” which is a common reference. And there is such a thing, of course. There are people who become disgruntled when they lose, and complain, and it was always contributed to a loser beef.

I can remember Grant Robison, who was state auditor to the bank examiner at the time, in the early days of the Tax Commission, [and] was my boss, saying that he’d talked to the sheriff about it, and the sheriff was very vehement in defending these people. Well, obviously, they had ingratiated themselves with him personally, and to what extent they went to ingratiate themselves, of course, I wouldn’t know. It may have been that they were just good salesmen and sold their own operation, and themselves, as individuals.

But one day I got a call from Dewey Ebert, stating that they had run into this same game at the Bottle House at Rhyolite, which is quite a tourist attraction, just off of the Rhyolite depot, and that they had witnessed the game in operation. This was the thing that we were trying to do. He had a young state policeman with him, and they both witnessed a game, and could testify that they saw the man playing. He did not have a license; he was merely playing this out to one side of the house at a crude table that was set up, and it was the same general game. When he told the man he had to have a license, he merely said, well, he didn’t know that he had to have a license, and said that he would come immediately to Carson City and gain a license. “So,” he said, “he’s on his way up there. His name is Thomas.”

I said, “Well, is he coming?”

He said, “Yes, he’s coming up, said he was coming up immediately, himself, and was

going to get a license right away. He didn’t intend to do this, and,” he said, “you won’t have any trouble recognizing him, because he’s a dish-faced so-and-so.”

And I said, “What do you mean?”

He said, “Well, the side of his face has been kinda caved in.” He said, “It’s a mark. He’s been through some sort of an accident that’s caved in the side of his face. So he won’t be hard to find.”

So we were prepared for him coming up, and by the time he got there, my adrenaline was running pretty good, along with Bill Gallagher[‘s], who had been working on this for some period of time. And we found out another thing, that they were very, very brazen, made no attempt to hide anything. He just virtually demanded a license, and I told him he couldn’t have one. I can’t remember what period of the game this was (I mean, of our overall game) but I did as I quite often did, exaggerated the authority a little bit, and just told him flatly he couldn’t have one, that it was a con game, and that we just wouldn’t give him a license, and we were going to place a charge against him.

And we did. We got ahold of the district attorney in Nye County. I went down, and was a little bit inexperienced in these things, and wanted to file a charge against them, claiming that we could come up with witnesses, that the game was being operated without a license. And I was told by the DA that I couldn’t swear out a complaint against anybody, that I hadn’t seen anything, which I recognized and realized was perfectly true.

So we got Dewey up here, and he said he’d testify, and the state policeman, “Gibby” Hefner, who was quite young on the force, and quite a young man at the time, as I remember. He’d evidently gotten wind of the fact that something like this was going on, and Dewey had taken him along so that he would witness

for him. And so they signed the charges. It took us a little time. They signed the charges, and we had the man arrested, put into the Nye County jail.

By this time, the affair had begun to attract more and more attention. It had a little publicity, but it was beginning to be rumored around by local people, and one thing and another, and, of course, rumors get to the point where they're probably exaggerated. But the situation was getting tremendously touchy. We just didn't know who was involved, or to what extent that they were involved. We now were in three counties in this operation. We had pretty good indication that Dennison and Blackie Ferguson had been associated before, and probably were associated together. As a matter of fact, Blackie *was* up in Emigrant Pass, I think before and after the Rock Station incident.

The Rock Station never produced too much furor. It's something that is still a characteristic of the difference between areas. Las Vegas, even in those days, was more blasé; they were more unconcerned, and we just didn't have the complaints. The geographical setup was different. And, as I remember, the Rock Station kind of died of its own weight. There may have been some local pressures on it.

But the Emigrant Pass operation was a big operation, and we knew that it was becoming bigger and bigger all the time. We were beginning to get stories of people being virtually followed and forced out of the area, muscled out of the area, so to speak. We got rumors of one pair of kids, young people from the Navy that were followed clear to Carson City, they were parked in front of Alan Bible's office. And these people had followed them, and got out, and told them to go on their way. And they did. They went—got up on the summit and called back.

There was another station about a half a mile or so away, called Primeaux Station. And we were beginning to get complaints from *them*, although they were fairly quiet because they admitted they were afraid of Dennison. He could go into terrible rages, and he, on one occasion, had followed someone in there when he went to get a telephone and phone in a complaint, and had torn the phone off the wall. And he'd go into terrible, terrible rages. And we were beginning to see more and more evidence of *this*.

And yet, we only had little pieces of the operation, pieces we'd find in Lathrop Wells, pieces we'd find in Rock Station, things that were told to us by local people. I went to see the sheriff in Winnemucca, and he was very nice to me, and he told me of some piece that he'd gotten, because some people wouldn't think of stopping in Battle Mountain, being a very small place. And it all patterned. It all fit into a general pattern. I began to find more evidence of some influence in Elko County, people being interested, businessmen. We kept putting pressure on them. (I can't remember the sequence of this.) Dennison tried to sell out at one time, and brought a local young man up and said he was going to buy him out. We felt very sure that this was merely a cover-up, that he was trying to get this guy. He was a local man, wellknown. How much this person was involved in it, I don't know. He may have honestly thought he had a fine chance as a young man to start a thriving business. A lot of people are not too concerned about ethics—a gambling game's a gambling game, and people are supposed to lose at it. And we had quite a long go-around on that.

Then we began to find out something that has plagued the administration of this business to this day, that we had no proof of what we suspected. What we really were

very, very sure of [was] that this man was fronting for Dennison. He obviously was putting a license application on his own, and had nothing in his record. There's no way we could file any objection against him. He was well-known in Elko, and he was a nice, young person, had no record of any kind— [as] a matter of fact, wasn't a gambler. He'd been in, I think, the soft drink business, or in the bar business. And, of course, they had a bar, did a big business of that type, and sold souvenirs, and one thing and another. And, of course, we'd get the complaint that we were trying to keep a young man from going into business for himself in a perfectly legal business.

The landlord of the place came to see me a couple of times (I've forgotten his name), and complained that here was an operation that was—he'd had this investment here, and it was rotting away on him, and all of a sudden, it was a very lucrative business, and got a marvelous rent, they were good tenants, and why should we keep them out?

So all of these things were building. And when we got the Bottle House [Rhyolite] incident, we, for the first time, had actual people [who had] witnessed the game. We thought we had it in a pretty tight area. The FBI was beginning to get concerned about this; they had an FBI man in Elko and one in Ely, but they could not, of course, get in the middle of it unless it was an interstate operation, and they were merely trying to be helpful, but, off the record, they were quite concerned about it.

We were beginning to find out that this was a carnival game, and was operated as standard procedure. It was patterned as a carnival game, and was almost a profession within the carnival business. There were men who operated these games, and who were classified. For instance, there is the outside man, there is the inside man, there's the guy

that operates the game, and they were actually classified. I found out that there was a man who had been in the carnival business and had a little saloon just off of Fremont Street [that] was the hangout place for 'em. I went and talked to him, and he very freely admitted it. He said, "Yes. I get calls." He said, "I've been in the carnival, and I get calls for an outside man. And a guy'll be hangin' around here, and I'll say, 'Yeah, there's a good outside man here. I'll send him up.'"

I can't recall how we got it, but we picked up the outside man on this Bottle House incident. He was practically a skid row character, a poor old drunk. I had found out, and the man running the bar said, yes, he knew him, and that he'd sent him up there, that they'd asked, "Do you know anybody that's a good outside man?" He said, "Hell, I'm not concerned about it. I don't know what your rules are for controlling the games; I just know that this is going on."

Again, I can't put this into sequence, but it's all part of the picture. I also got a complaint from Lovelock [about] a carnival that had been operating, that had gotten two young people who were from Switzerland and were traveling across the country, and who were fascinated by Nevada and gaming, and stopped in Lovelock. I got the call—this quite often happened to me—I think, in the early evening. [It] came from the district attorney of Pershing County, who confessed to me over the phone that he was in completely foreign territory, he didn't know what to do, and wanted to know if there was anything I could do about it. So I drove out there that night. I got there at maybe ten o'clock—ten or eleven o'clock at night. He had the people waiting in his office, and I had a long talk with 'em, and they told me the same old, familiar story, except that this is in a *carnival* game. But they were operating the same type. There's always

varying rules, but it was a sucker game. It was a con game. These carnivals naturally were thought of as just running concessions and various games, but I can remember as a kid the fact that they did make gambling games out of the most innocent-looking games, and they'd start to try to interest you into betting on it.

They were from Switzerland.

They were a very intelligent young couple, handicapped a little by the language. They spoke English, but they spoke it with the usual aspect of a foreigner, in that I'm sure they would think in their own native language and translate it into English, and sometimes things get lost a little in translation. Very intelligent, very nice-looking couple, they were on their honeymoon. And they had been pulled in by the same type tactic, by the same friendly man on the outside. I think they got them back in a back tent under some pretext of some kind, and then they'd start this game going. As I remember, they lost \$1,400, or some commensurate figure to that. It was practically everything they had.

This didn't do anything for us. The carnival had gone. The DA was completely baffled as to what he could do about it, and what the statutes were. He knew nothing about the game. He admitted this. I suggested that they find the people and file a charge against them. (The young couple were staying there, and said they would stay, for a day or two, at least, to identify 'em.) But, of course—I think the carnival had gone, [and] even if it hadn't, running down the particular people was just—. Naturally, I found out later that this is an old carney dodge. The minute they found out they were hot why, they disappeared. So, again, you run into the same thing: *futility*.

We learned a little more about it. We were gradually beginning to find out that this was an old, old pattern, practiced all over the

country, and they selected their people with great care. We started, then, getting hold of all local people and telling them to remind the carnival people that they could have no gambling games of any kind, and if they did, their license would be jerked.

Well, the carnival people (they were much more in evidence then than they are now) used the same old theory that Dennison and Pollitte used, the Masonic ring. In other words, they would take an American Legion post, or a charitable organization of some kind (and this was the only way a lot of communities would license 'em, and they would get a part of the proceeds) [and] they would use a good cause, or a good organization, that was actually fronting for them to a degree without realizing it. They were being used. And so we sent out word to all these places to warn all these places not to license them.

I finally got in touch with [a] carnival man that very frankly sat down and told me the whole story, how the game operated and how they worked. A man came in to Carson City one time, and we had his local license a little bit stymied. I don't know whether it was the Veterans of Foreign Wars, or the American Legion post, or some other worthy organization [that] was also a little concerned. (And, of course, they immediately pointed out how much "giving to a good cause," and how much money to be made out of it.) I told him very frankly we wouldn't put up with any of it, and he sat down and gave me more insight to it, I guess, than any one person, and admitted very frankly that they used it when they could. He said, "You know that we're carneys. We have to—we do everything we can." And he told me the story of the game, how it operated, how they could judge people. And this was one thing that struck me was, they were a remarkable judge of people. They could almost go with just a little bit between

the outside man and the inside man. They could mingle a little, they could size up people. The suckers were all sized up, and all ready, and then they're put through a ritual which has all the smoothness of a well-oiled machine. It just works so smooth, and they're steered and bumped gently, and they know how much money they've got. They know how to use psychology.

One that he told me about that I hadn't realized, and yet vaguely recalled from our experiences as a kid in Sparks, there was one phrase they used, "putting a person on the 8 end." And I said, "What do you mean by that?"

And he said, "Well, we've got all the money that they've got in their pocket, so we just say, 'Look. Have you got some money at home? Go ahead. We'll keep the pot open for you. There's three hundred dollars in here. And you'll probably win it, if you've got another fifty or a hundred.'" So they'd put 'em on the send, and send 'em home for money. "And," he says, "a lot of the rubes would. They'd go home and get money and come back, and we'd have the game all held for 'em, the pot all set aside, and say, 'Okay, here it is,'" and said there was just various ways. The idea was to extract everything out of the person that could be extracted. And they were extremely scientific, at least, in the way they went at it, because they knew their business.

He probably knew he was never coming back again into that area. He knew he was hot for this particular game. He told me, he said, "Look. I'm not going to give you any trouble at all. Just don't block our license, and we'll run a regular carnival, we'll have no gaming in it, and," he says, "I know when I'm hot, and forget about it." And he did.

But I learned a tremendous amount. Of course, when I say I learned this thing, practically everything in this area was shared with Bill Gallagher [and] Dudley Kline. At

the time, we had a very small organization, and every morning, we'd go through a skull session, and trade stories, and trade things we'd picked up. As I remember, I talked to this man alone, simply because he wouldn't loosen up like that before a group of people. But we'd always trade information. We were just building up more all the time on it.

Nothing happened out of the Lovelock carnival incident, except that it just made us see more how vulnerable we were, and we did give more attention to carnivals to see that they didn't operate this type of game. We learned something from it, and, of course, our futility was increasing all the time.

Now, this case in Tonopah—I think maybe I left it out along in my rambling here, somewhere—was filed against Thomas, and they held this other poor skid row character, who had some part in it, for awhile, and then, I think, finally let him go. Thomas made bail.

And I remember specifically, Dewey Ebert was up there with me, and, I'm sure, Bill Gallagher, at least, and I can remember the FBI man telling us about Thomas. [He] said he had watched him in Ely as a narcotic user, that he was a strange narcotic user, that he did use heroin at times, and he said, "I'm telling you the experience that we've had with him, and," he said, "he's a born squealer.

He said, "All you have to do is to let the jail gates clang on him, and in about twenty-four hours, he would squeal on his own mother. He'll tell you anything and everything. And," he says, "he's not concerned with anybody else. He's concerned mostly with himself. And," he says, "after he's been off of it for awhile, he's got to have something."

I don't know whether it made that much impression on me, but it evidently did with Dewey Ebert, because Dewey was a very quiet person, been in police work of one sort or another all his life, very honest individual,

very loyal, and he was about as wound up in these things as we were. I don't think he saw as much of the raw things that we saw at Emigrant Pass.

And so this episode was marking time. I got a call from Dewey, and I knew it was a distress call, and I remember it came on my birthday. He said, "Bob, you'd better get down here, and get down here fast. I've got somethin' breakin'." He said, "I've got this boy, Thomas, in jail. And get down here."

The old Bonanza airlines was flying, and I looked at my watch, and they left—I don't know, in about an hour. And he said, "Well, get it, and get on down here." So I left the office in a hurry, got home, and there was a birthday dinner, and guests coming in, waiting for me, and all I had time [for] was to grab a suitcase and a shirt and on my way, leaving a very distressed wife behind me in tears.

It was during the Helldorado period down here. In those days, Helldorado was a big incident, much bigger than it is today. And it was May the eleventh. I said, "Well, I can't get a room down there. Helldorado's packed."

He said, "Well, we'll get you a room somewhere. Just get down here, and come over to the jail as quick as you get here." I think somebody met me and took me over to the jail.

I got over there, and Dewey was sitting there with a young woman he introduced as his daughter, who, he explained, took shorthand, and that Thomas wanted to talk. Dewey had explained to me that he had got to investigating the matter, and evidently, what had been told to him in Tonopah as a policeman stuck in his mind. So he got to rooting around down here, and found out that, as most of these guys were, whether they were drifters, people that drifted in and out, Thomas was known in the area and had an outstanding bad check charge against him.

So Dewey dug it up, went out and got the merchant, or whoever had taken it, to sign a complaint, and had him arrested on this bad check charge and put him into jail. And he couldn't make immediate bail. Under the charge that was placed, he was in the county jail, in the old county courthouse.

This was Helldorado time, and the sheriff of the county was very active in Helldorado time, and dug out his pearlhandled pistols, and enjoyed it. It was a part of the action. And he was quite tied up with Helldorado. His chief deputy was somewhere on business.

Dewey had been a policeman on the Las Vegas police force, and he had evidently dug up enough in some of the background to get the city police to go over and ask to borrow the prisoner, to investigate him for some charges that they had. And they did. This was customary. Nobody questioned them. They went, and he was reposed in the Las Vegas jail, and this was when he indicated that he was willing to talk.

So I sat down. Dewey, and his daughter, and I—. I wasn't experienced in these things, and I wasn't exposed to television, and I wasn't an attorney, or a police officer. I knew that I had to give him some sort of warning that we were investigating this thing from an official basis, and that it'd be used against him. He asked me—he said, "Well, if I tell you the things that I want to tell you, I could very well get killed over this." He said, "I'm tired of it, and I'd like to tell some about it," he said, "but I could get killed over this thing. What's going to happen to me?"

And I said, "I can't give you any protection. On the other hand, you are out on bail in Nye County, and I don't think you're in very much trouble. You undoubtedly can straighten this charge out. Whether this man would drop the case against you, I don't know. But we have no particular interest in this case, other than

as it affects the Tonopah incident and the zoo case. So that doesn't concern me, and if you want to, you're perfectly free to get out of the state and protect yourself. We're not going to put any strings on you, or set you up as a pigeon for these people. But I can't help you." I knew this was the best that I could do, yet I was dyin' to talk to him.

Apparently, he was satisfied with that, because then he went on. And he told me probably the most amazing story I've ever heard in my life. He gave me the background of the incidents. He knew about all of the operations. He knew of Dennison's operations. Evidently, this was a loose fraternity that at least talked a lot amongst each other and knew what was going on. He said he at one time had worked for Dennison. And he just went from the beginning. He told us of the Rock Station incident; he told us of some local officials, at least one or two, that he thought was involved in it, but admitted very freely he was speaking very frankly that he only knew from his own observation what he saw. He had no proof of this, but that this was the understanding, that they had laid off of it, at least, and permitted things of this kind, and agreed not to bother them. But he admitted very frankly he had no proof of it. He said, "I only know—"

I said, "Have you any proof of any money going to these people?"

He said, "I only know that I chipped into a pot, and others did, the money they said was going to them. But," he said, "I—"

I said, "Do you know that it went to him?"

He said, "Well, very honestly, I don't. He said, "We weren't bothered."

Well, of course, this was the pattern that was used innocently—I mean, in the Wells case. And I found out many, many times afterwards, that sometimes, things like this were done, where the person contributing to

a pot of this kind, or is being told it is going to buy off officials, and only goes into the pocket of the guy that's collecting it. It was used many, many times. So you can't distinguish. The only thing we knew was that it seemed to've been operating pretty well.

I was told all about the Elko incident, and much to my surprise, found out that they would take anything these people had. They even took their automobile, actually—. We'd had some rumors of this, that Dennison was peddling used cars in Elko, through a used car lot, or to a used car lot. He told me the complete incident. [He] said he was there, I believe, at the time, and this thing we'd heard rumors of, of these two yeomen from the Navy that were on leave. (And the war was on at that time. At least, the activity was there, the war activity; they were in the service.) They were on leave, and they had a hawk that had been a mascot on this ship that they had been assigned to, cruiser or destroyer, and they had brought that with them. They had all of their furlough money, and had gotten pulled into this game, had lost all the money that they had. Dennison had a zoo, so he put his eyes on the hawk (it was a hawk, or a bird of that nature), and he said he admired that from the beginning. He wanted that bird real bad. So he won the hawk in the game, tried to put their car on the line, but by this time—generally, some place along the line, a sucker wakes up as to what's happening to him, and it's always too late. But he told me about them going to Primeaux's Station to complain, which was, as I said, just a half mile or a mile down the road. Primeaux directed him to the attorney general. They drove off, drove to Carson City, parked in front of the old supreme court building, and Dennison and a couple of his "goons," as I wanted to call them, got out and asked them where they were going. And by this time—as we began

to find out—they dropped all thin disguises if things got real tight, and they figured, as the saying goes, the sucker was about to sing, or squeal, then they really put the pressure on, and they got tough. They told the kids to keep on moving, there was nothing they could do about it. Everybody in the state, locally, and everything else, was in on the game, that it was a legal game, they were losers, and to forget about it. And they were virtually muscled back into the car, and they left.

They got up on the summit and called Primeaux back, and told what had happened to 'em. Primeaux's son was in the Navy, and they had gotten into a little conversation with 'em over this. They may have known his son. And Primeaux reported it to us, although he admitted that he was afraid, and very reasonably so, because he said, "After all, I have to live there, and," he said, "we're afraid of this man. And," he said, "my family's here, and," he said, "we have to be a little careful of what we do." He was a distant relative of Charlie Russell's,* I think (probably quite distant, but the Russells are quite widespread in Elko County), and Charlie later had told me he knew a little about this (this was before Charlie was governor; Pittman was still in).

So anyway, the man went on with this amazing story of all the background, how Dennison operated, how he got everything, how he had gone with him one time on the side of the hill and buried fourteen thousand dollars in travelers checks because he didn't want 'em found on him. It was quite a shocking tale, as I found out in some other incidents. According to what was told us, the take was just far beyond our wildest imagination. They were just raking this money in by the thousands. Every day, they were just fleecing people that went by.

As happened in some of the other cases, many of the things that he told me fit right

into other information that I had picked up along the way. It fit in just like a piece to a jigsaw puzzle, as I would express it.

Some of the tale was rather fantastic. He also told me that the superintendent of state police was a very close friend of Dennison's. And I said, "Well, that can't be," although we had been getting some rumors of this. Again, we hadn't been able to put together how much of this friendship was—maybe he was being used to develop the case, or what was going on.

"Well," he said, "I know where there's a letter that will prove this." He said, "You'll have to take my word for it."

And I said, "Where is it?"

He says, "Ollie Slark has it."

I said, "Who's he?"

Well, Dewey immediately told me that Ollie had been for a short time chief of police of Las Vegas during an interim period. He had worked on the police force. He was a neighbor of Ray Warren, who worked for me. And he says, "He's got it."

I said, "Do you think I can get it?"

He said, "I don't know. But I can tell you where it is." He said, "I have seen them fishing together, and there's a picture of them together, holding a big fish." Well, I knew Governor Pittman had seen that.

I don't remember whether it was in his [Thomas's] story, but we were told by someone that got involved, that they would stop at the old Stockman's Hotel, determined to register a complaint, and Dennison would come to visit them—or one of Dennison's men. Generally, I believe it was Dennison, but in this particular instance, I think it was one of Dennison's men came to visit 'em, and said, "What are you going to complain about?"

* Primeaux's *wife* is a relative of Russell's.

"Well, we lost. We thought we were taken in a crooked game."

"There are no crooked games in Nevada. This is a gambling game, and everybody in this area knows about it. Now, what good do you think it's going to do you?"

Oh—in this one incident, they had spoken to the superintendent of state police, who happened to be in Elko, and he had promised them he would investigate it, said he was aware of this thing, talked to them very reasonably and assuredly.

And then they pulled out this picture and said, "Do you recognize this man with Mr. Dennison?"

And they said, "Yes."

He said, "That's Mr. Dennison, isn't it? And he said, "Do you recognize this man?"

And he said, "Yes, that's the superintendent of state police."

Well, they were holding a big fish, and their arm around each other, and were in a very chummy pose. He says, "How do you think you're going to get anywhere putting in a complaint into the state police? You can see these men are friends."

Now, whether the superintendent knew this or not, of course, I'm not in a position to say. (I found out that I was used many times after this by people who were making representations. There's nothing you can do to stop people from making representations to somebody without your knowledge. I was a victim of it many times, and it'll come out later.) But it was a disturbing picture, at least.

Even though some of the things this man told us were fantastic, I couldn't find anything that didn't pretty much pattern. By this time, we'd been going two or three years, trying to pick up pieces on it, being frustrated, and enraged, and outraged, and everything else.

And so I asked Dewey if he could put me in touch with Ollie Slark, who was working

in security in the old Apache Hotel, I think it was. (I think it was the Apache Hotel then, quite a gaming place.) So I met a couple of detectives from the police department, and they got ahold of Ollie Slark and introduced me to him, and I sat and talked to him for some time. I asked him if he would let me have the letter. And he told me an amazing story. He told me a story of picking up Dennison in a hotel room as a narcotic addict, under suspicion of narcotics, in the old Sal Sagev Hotel when he was chief of police. They went up there and stayed outside the door, and had a man go downstairs and phone him and tell him to come out in his pajamas, or underwear, or whatever he was in, not to put on any clothes and to come out the door with his hands up, that they were policemen and they wanted to talk to him.

And Dennison did. And they went through—he said they found every evidence of narcotics, except the narcotics, themselves. He said evidently, if he had any, he had destroyed 'em. They found a needle, and cotton, and things like this, but no narcotics.

Well, of course, he'd come up with some story to justify the needle, being a diabetic, or something. But they searched him, and I think, took the things down to the police station, and they took this letter off of him. He was quite disturbed when they got the letter.

Ollie admitted to me that when he returned the things to Dennison, he did not return the letter. He saw possibilities, I guess, in that there was quite a bit behind it, and I guess just thought it would be a good thing to keep. And he admitted he had it, but he "didn't know." He said, "It's in bottom of my trunk." He said, "I might need it sometime."

And so I exercised all of the personality I could with him, and tried to explain that it was quite a big thing that we were after, and that I needed it quite badly. He'd be doing

a great public service. (I, of course, at that time, at least, and I hope still am, was quite imbued with the necessity for keeping public interest in mind, because it's such a delicate area, and being exposed to these things, was quite wound up over it.) I explained what a job he'd be doing for the state of Nevada, and so forth, and that I wanted to take it directly back to the governor; I would not give it to anyone else, and that he could be sure that it would be properly used, and used for the right purposes. He was in the law enforcement business, himself; he had been a policeman; and he wanted to get back into it again. He said, "Well, I'll think it over."

I stayed at the Apache that night. I was leaving on the plane in the morning, and I had a note in my box to come and see him. And he began to talk to me. He said, "I've been thinking about what you said, and," he said, "about what you said about me being a policeman at heart. And," he said, "I am. And, of course, I'm in security work now, but," he said, "I would like to get back into the police business. Do you suppose there's anything that you or the governor could do for me in getting me back into a job of this nature?"

Well, I, of course, could see the connection, but it wasn't pointedly made that way. I said, "Well, I don't know but we certainly can speak to the governor about it, and see what might be done." I knew I was being sounded out on this matter. We talked a little while longer, and finally, he said, "Well, I've been thinkin' it over, and," he said, "I guess maybe the best thing for me to do is to give you the letter. And I hope you will remember that."

So he did. He gave me the letter, which I read for the first time. It was a letter addressed to Dennison back in West Virginia. It obviously was a home address of where they were staying, and was a very chummy letter, addressed, "Dear Friend," and was telling him about what

was going on in the state while he was gone, and recited what had happened to Pollitte in Lathrop Wells, but that he wouldn't be in business very long (which led me to believe, of course, they were outsiders in this group), and mentioned Blackie, which we knew, of course, was Blackie Ferguson, sent regards to he and his wife. It was a personal, friendly letter. Yet to this day, I can't—don't know what his motives were for using it. They could've been what they seemed to be, or they could've been that he was using them for his own undercover purposes in trying to find out what was going on, although we were beginning to lose faith in that, from just various things. We had no indication otherwise.

Slark had also told me about [an] amazing thing that happened to him, that he had taken the letter and started for Carson City, and had been passed by this big Cadillac that was obviously following him. He said he—they'd—stop. He mentioned Indian Springs, or Cactus Springs, and this car'd pull up. And then when they'd go, why, they'd pass 'em again; and then pretty soon, they'd find it pulled up somewhere, and they'd pass 'em again, and it was this Dennison and some people in his car, following them all the way to Carson City.

And he told me the story of what he went through. He said he intended at that time to expose the letter, but he was harassed all the way by 'em, and finally, I think—which was the intention of all this—finally just decided it was futile. He was convinced, I believe, that this was a great, big game, everybody was in on the deal, and they had protection, and he'd better not stick his nose into it. He referred me to some police officer he talked to in Reno, but it was incidental, and I have, frankly, forgotten about it, except that I did talk to the man, and it verified what all he had told me.

And so he said, "That's that."

Oh, I forgot a very important incident, but we can go back and put it in its proper place. When I left the police station with Dewey, I heard Thomas whisper something to the jailer. The jailer walked over and talked to the lieutenant in charge, said something to him, and he got a bottle of what I could see was cough medicine out of the drawer, and said, "Only give him—" I don't know, one tablespoon, two tablespoons, something like—just only give him so much of it. And I noticed that it was cough medicine, and thought, really, nothing more about it at that time.

Anyway, I went back to Carson City with this letter, got hold of Governor Pittman. And Governor Pittman was about as excited over this as anything he [ever] saw. It's something that an average citizen can't stand, when you see the way they fleece people in operations of this kind. And so he was tremendously excited about it, and said, "Well, we'll have to get to the bottom of this."

I don't think an hour had passed 'till I got a call from the lieutenant down there [Las Vegas], one of the lieutenants in the police department that I had been on duty with, that I talked to, and said, "The sheriff's office is out here, demanding their prisoner back, and just raising Billy Hell with us, wantin' to know what we're doin' with their prisoner, and demanding that we give him back immediately. And they're standing here now. They want him right now. "What'll I do?" Well, I guess in those days, they thought we carried more power than we had.

And I said, "Well, I can't tell you what to do about it. It's a police matter."

And he said, "Well, we have nothing to hold him on."

I said, "Well, if you haven't, you're going to have to give him back to them, aren't you?"

And he said, "I know we are, but," he said, "you know what's going to happen when we do. And," he said, "he'll repudiate it all."

I said, "Well, can that be helped? I don't see a thing that you can do if you haven't got any legal right to retain him." I said, "If you've got a legal right to hold him, and a legal right to deny the sheriff the prisoner, do it. But," I said, "if you haven't, you're going to have to give it to him. That's all I can tell you."

So they did. And things developed so rapidly there that it's just hard to put in perspective—I imagine, mostly in a period of a day or two days. As the guy in the police station said, "All hell broke loose." And it really did.

I got calls from Las Vegas, that the chief undersheriff was coming up immediately, that there was a "big plot." That was going on, that they had been "framed and maligned," and that we'd have to get to the bottom of this thing. They had Thomas, were bringing Thomas with them, they had a repudiation of everything that had happened, and they wanted justice, and wanted it immediately. They wanted everything made right.

By this time, Governor Pittman had seen enough to make up his mind, I'm sure, to fire the superintendent of state police that was involved. The thing developed almost into comic opera status. Thomas was brought up with a load of deputies, and taken [laughing] to the superintendent's office. He was being held there, and it was virtually barricaded. There was no communication between the state police office and the governor's office. We were working on one side, trying to find what went on.

By this time, the matter had hit the papers. I don't know how long this went on. It may have gone on for three days, three or four days, or something. The superintendent was giving

his version to the paper, that he was being persecuted, and that there was a political trick, and that the prisoner had been doped, and bullied into making a confession. And promptly, when he was brought away from the, gotten away from the influence of the dope, and kept in the county jail for awhile, he had straightened out and repudiated everything he said and told the truth. Thomas said that he'd been under duress, and so forth, and that he was telling all these wild tales to get more dope. The policemen from all over the state rallied around to the cause and were in the superintendent's office, and the press was being told that they had all rallied to support him in his cause, and so forth.

We called the policemen over one at a time. They couldn't refuse that. The governor would call up and ask to send 'em over. They'd come over. But we got varying stories, pretty much a pattern. Most of 'em were not told what they were coming to Carson City for, but merely received the order telling them to report immediately to Carson City, that an urgent matter was developing. One man told me he brought his riot gun along because he thought it was a break at the state prison, or something, and he just left in a hurry. Many of them didn't know anything about it at all, except maybe what little they'd heard by rumor, or through seeing that things were beginning to break in the paper. One man indicated that he knew the whole story, that he knew some of the background of it. And he did have quite a little background, but he said that it just wasn't his business, and it didn't involve him, and it wasn't his business, and he just didn't pursue it any farther. He knew the main characters in the tale, and there was nothing in there that really surprised him.

But I think matters did get out of proportion. The undersheriff came over.

Alan Bible was sitting in the office, and the governor, and myself, and we were told that this was a plot, a deep political plot, that people were being implicated in this thing, and that if we didn't straighten it out immediately, the whole thing would hit the papers; that the Las Vegas police department and Dewey Ebert and those involved had framed them, and that this was definitely for political reasons, and personal reasons, and so forth. I also got a call from one or two very good friends, very substantial people down here, that said they were going to go on radio time, and expose the thing. And charges were flying back and forth.

We were asked to—told to—immediately repudiate everything that we had said. I think, by this time, that Governor Pittman had announced the firing of the superintendent. I don't know where this hit in sequence, but we were shown the repudiation signed by Thomas. And it was witnessed by what appeared to me to be every deputy sheriff on the force. So I assumed that he had been summoned in the cellar downstairs of the old courthouse, with some fifteen or twenty deputies sitting around him and been told that he had better come clean, and he did. He signed this thing and repudiated everything, said he'd been doped, that he'd been fed some dope in this cough medicine, and everything he told was untrue, that I'd promised him immunity, and—oh, various things.

So the only thing that I could say, and I remember this very distinctly, was, "Well, of course, we have two stories here, diametrically opposed to each other, and we don't know which one is true. Now, I'll make a suggestion to you, that we take this prisoner and put him in the custody of a police officer acceptable to both of us, or FBI, or Salt Lake City—any place you want. (I knew how impractical

the suggestion was.) But let's both agree on somebody to keep him in custody (because I still remembered what the FBI man from Ely had told me), and keep him there for twenty-four hours, and then let some entirely neutral people, investigative, question him. And let's find out which story is true. One of 'em's obviously a lie, and one of 'em must be true, or actually so."

And I can remember Alan saying, "Well, now, what's wrong with that suggestion?"

The only thing that I remember about it is, from that point on, the heat in the conversation died, matters were pretty much dropped, and they said, "Well, we know you'll do the right thing," and we left on a very friendly term. It started on a very bellicose term. We were going to repudiate all these things, and if we didn't, the *things* they were going to do to us.

Of course, the matter hit the papers, and it turned out this was Cheracol cough medicine. It did have some codeine in it, and probably had to be sold under prescription, and they admitted they traced the prescriptions. The police said that he did have a cough, and that he was nervous and quite jumpy, and that calmed him down. And they did give him this Cheracol cough medicine, but that's all that it was, and they did this quite frequently in the medical treatment for people that were in. They'd get them some things under prescription to keep the prisoner quiet and keep him quieted down, but that there was no doping in the incident, or anything else.

Well, by this time, the thing had made the papers from one end to the other. Bennyhoff was calling. I can remember sitting up at night in the governor's mansion, and Bennyhoff would call the governor and needle him with a couple of sharp remarks that had been made from the other side. And the governor was a little bit of a hot-tempered southerner. He'd

fire back at him. Then he'd take the governor's remarks and take them back to the other side, and they'd fire back some more sarcastic remarks. Of course, I was beginning to learn real fast, that the press would keep those things open as long as they could keep a story going. It did get to be quite sensational. But like a lot of things, it finally calmed down. There was a lot of accusations, but the accusations became more veiled.

Thomas was still out on bail in Nye County, so we had a trial in Nye County in the justice court. The charges were that the prisoner had been doped down here [Las Vegas], and that he was being falsely held in Nye County. I can remember practically everybody connected with the case was there. I remember sitting outside the old court, and evidently, there was a preliminary hearing for him. I wasn't so familiar with with things in those days. There was a preliminary hearing for Thomas, and a lot of this was brought out.

The lawyer who handled the case for Thomas handled it very ethically. He, of course, represented his client (he later was a judge and still a prominent attorney here), I thought handled it quite ethically. But, of course, he was defending his client, and taking what his client told him, and trying to build a case from it.

The trial went on at least all day, maybe more. We had medical testimony—I had begun to get a little disturbed about it, and I had gone and gotten some medical testimony, myself, just off the cuff, you know. Everywhere, we were told the same story, that codeine was a soothing narcotic, to a degree. Enough of a narcotic that it was under prescription, but it was manufactured under a brand name. Maybe at one time had been sold without a prescription, it was well-known, and that was its purpose, to soothe a patient, but that it was not a narcotic, or dope as such, and didn't

act that way. I asked a question, the question was asked in court of a medical—I guess the county medical examiner, or somebody. We got the same answer everywhere. “What would happen if you gave a person too much? Can you dope them to the point, or can you fill them with this to a point, where they’ll lose any moral sense, or it will affect their mind, or they’ll start telling lies, of anything like that? What happens if you just keep givin’ ’em too much?”

And they said, “Well, the only thing that would happen, they’d get sick.” You’d just get too much, and the patient would get sick, but that it didn’t carry a narcotic effect to put the person into hallucinations, or dreams, or fantasy, or break down his will, or anything else.

The trial went on. The main thing that it did was to bring much more fodder for the newspapers. They were covering a lot of accusations and counteraccusations. And Thomas was bound over, and was sentenced to jail in Nye County. The only thing that I can remember as the end of that particular incident was I was out of the state for some reason or another, and Bill Gallagher telling me, when I got back, that Thomas had walked off. And I said, “What do you mean, he walked off?”

And Bill said, “Well, you know, the security provisions in a jail like a little county of that kind are not too tight. Thomas was probably the only prisoner he had, and the jailer came in and left his soup for him, and later on noticed the soup was still there, and he thought, ‘Well, his soup’s getting cold,’ and went looking for him, and he’d walked off.” He had hadn’t broken out. There was nothing—the door was open, and he walked off. And so he walked off the case and out of our lives. That was the end of that particular portion of the story.

The hullabaloo on the state police incident continued for awhile. One interesting sidelight was [that] Major [Max C.] Fleischmann had an honorary state police badge, and seemed to value it very highly. It was quite a hobby with him, evidently, and he had a badge with a large diamond in it, Nevada state police badge. I understood that he had given the superintendent of the state police a badge. I had never seen it, but it was quite a nice badge, and valuable, and it was a token of appreciation, and one thing and another. He loved to be a policeman. I remember one time seeing him up over Labor Day directing traffic out in front of the old Cal Neva (on the north shore) Club up there, and he seemed to be enjoying himself thoroughly.

He sent some sort of an ultimatum to Governor Pittman, indicating that he didn’t think that Governor Pittman had handled this matter correctly. Evidently, he’d only heard one side of it, and he wanted some restitution (I can’t remember exactly what his approach was, but I believe it was along that line), or that he would resign his police commission. Governor Pittman by this time was pretty riled up, and sent him—I think this came by wire—and sent him an answering wire telling him to turn in his police badge immediately, now. He wouldn’t take any more—didn’t want to talk about it any more.

Governor Pittman became quite worked up over it, quite emotional. He saw the seamy side of it, and the bad things that were happening, and the feeling of futility in trying to stop it, and he knew it was bad for the state. Actually, other than this one incident, it hadn’t received too much publicity, fortunately, but we knew there was a time when it would break and that it would just keep on getting worse, and it was an image we didn’t want to have.

Of course, I have to make it clear that there was no resolution of this particular

incident, other than as I have described, and it ended in this way, with reorganization of the administrative end of the state police force. It was a governor's appointment. I have no way of evaluating the right or wrong, or how involved any of them were, or any of the local people. It could be possible that they didn't look at things the way we did. But it was just a culmination of a sensitive issue, and it [had been] happening so long, and rumors running around so frequently that I guess it got to the point where nobody trusted anybody else, particularly. And I really don't know when any of the people that were involved, particularly the people in public office, whether they were involved and it was innocent. I had many incidents later in my experiences in this area that I can see where it very easily could be. There was many times that people tried to involve me, and in various ways. I got so that I knew them. So I can't make any evaluation of it, other than the fact that it was unfortunate. Even that portion of it was unfortunate publicity, and we hadn't heard the end of it, although that particular part of it quieted down for awhile.

We continued to worry about [the] Emigrant Pass operation, and the more we found in these things that I ran into, the more concerned we were, the more anxious we were to try to do something about it, but we just seemed to be stymied at every turn. We couldn't ever get an observation of the game going on at Emigrant Pass. We could never get a witness who had lost there, or had seen a gambling game there. I, even at times, and so did some of the other boys, would stop people on the road. I can remember stopping one in Battle Mountain, pretty near scaring him to death, 'cause he thought he was being arrested. [It was] a car I saw drive off the—out of there, and I just asked him if he saw a gambling game or any gaming going on. We never got

any report of anybody that ever saw it. They were very astute in picking their people and in picking their customers. And evidently, it operated in other states and other places this way, and got by with it. So we just kept going along, hoping for a break. Controversy was still there, and there were local people in Elko, business people, and even some public officials, I believe, that thought we were unduly harsh, that we were trying to stymie a legitimate business, but we just had to keep pecking away at it.

The final break came on a Sunday, when I got a call from Elko, again at dinnertime, when we were havin' company in. I got a call from Elko, stating that they had a complaining witness at the game at Emigrant Pass. They were staying over, they were willing to file a complaint, and they would cooperate in any way, and to get up there as fast as I could.

I can remember leaving (Bill Gallagher lived in the valley then, in between Carson and Reno), calling Bill, telling him that I'd pick him up. And I can remember jumping in the car again with a hastily packed suitcase, and company at dinner at home, taking off for Elko, feeling, finally, we'd really got the break that we were looking for. I can remember afterwards of Norene, Bill's wife, telling the story. It was funnier from hindsight. She could appreciate it better after a year or two of mellowing. They had some sheep on the place, and it was their first experiment in sheep. Bill had these sheep, and they were about ready to lamb. He was planning on taking a couple of days off so as to be with the sheep when they lambed. He promptly forgot everything, and we drove out with me spinning the wheels, and throwing dirt in Norene's face, and taking off for Elko as fast as we could go. Norene says, "And they drove off and left me with a bunch of pregnant sheep and not knowing what to do!" [laughing] And

at that time she admitted she didn't think it was very funny.

We got into Elko. I'm afraid we drove pretty fast, and we kept exulting all the way up that, finally, we may have the break that we were looking for. And we got into Elko—oh, I don't know, maybe nine o'clock at night, some figure like that, and I had made arrangements to meet the state policeman there, who had taken the complaint. He had been very used to situations of this kind, and he had been somewhat involved in the things that went on. (As I've recited, they went over to the old Stockmen's Hotel and talked to 'em about the fact that they were legal games.) And I think he had some ideas of his own. He, from what I saw then and afterwards, I don't think he was ever involved, but he saw some of this going on that I know he didn't really like. He knew there was things goin' on there, that somebody was using some pressure that they shouldn't use, and I know he was quite sensitive about it. He was very frank with me and tried to cooperate. I can remember we went to the Commercial Hotel and arranged a meeting over there. And while we were waiting, Dennison rushed up and asked for me (I was standing by the registration desk), and came over to me with a friendly smile on his face and extended his hand, and said, "Look. I'd like to talk to you a minute."

And I can remember leaving him with his hand out-stretched and saying, "I haven't anything to say to you. Forget it," and walked off. I was pretty hot about that time, and I was in no mood to talk to him.

I was immediately collared by a couple of other local people. Evidently, everybody knew what was going on, what I was coming up there for. One of the persons who had applied to take over the place up there, and still had his application pending, immediately wanted to see me. They wanted to get me up

to an attorney's house (the district attorney). The excitement and pressure on it was just too much—I mean, there was just evidently a lot going on.

I told 'em I wasn't going to talk to anybody 'till I talked to the state policeman and got his version of the affair and found out what was happening. I was in no position—I didn't want to talk to anybody; I didn't want to discuss it.

They even grabbed me by the arm and edged me to the car, and said, "Well, come up to so-and-so's house, and we'll talk to you. We want to talk to you about this thing." (It was a county official.)

And I said, "No, I'm not goin' anywhere." And for awhile, Bill Gallagher followed me out and said it looked like they were going to push me into the car whether I wanted to go or not.

He said, "If you'd've gone, I'd've been on the back tire right along with you." But we didn't. I pushed them off and came back. The minute that the state policeman hit, he started getting telephone calls. I heard them—I heard him being paged all the time we were there. They were trying to get ahold of him by telephone, and evidently, it was very obvious that things had really broken loose.

So I talked to the patrolman and got his version of it. He said that the people were over at the Stockmen's Hotel, so we went over to talk to them, a young—fairly young woman, a lady, and her husband. Her husband was a sailor, and was home on leave, and she worked in, I think, the Alameda naval base. They were out on his furlough.

Immediately, it struck me that she was a very sharp person. She was cool, collected. She told what happened very straightforwardly. And evidently, according to her story—I'm sure it was true—she spotted Dennison, and walked over to him. She had a kind of a pert little way about her. She just walked over to him and said, "Don't we have any gambling

we can do in this place? I don't see anything but slot machines." And he fended her off for awhile, and she said, "Oh, we had come to Nevada, and we wanted to gamble, and we don't see anything to do. [This is] kind of an interesting place. We'd like to stay here.

So finally, he talked to her a little while and then said that, well, he did have an old Indian game, and so forth. So they played it. And, of course, it was the same old story.

The husband was just a big, good-natured fellow with a big grin, and it was very obvious that the wife did most of the thinking for the family. But he verified the story and told what happened, and [we] asked 'em if they would sign a complaint and would appear, and they said certainly, they would. We said, "You know, it means staying over." [They] said they would. They didn't have anything to do, anyway; they would stay over.

And so, Dennison was trying every way he could to get ahold of 'em. I warned 'em not to talk to him. They said, "Well, he's been here. He sits down in the lobby, he wants to talk to us, and," she said, "he's just been frantic."

And I said, "Now, don't talk to him at all. Don't have anything to do with him because we know what'll happen to you if you do." And they took it quite calmly.

We didn't get, frankly, the cooperation out of Elko authorities that we thought we should get (from some of 'em, at least). Of course, it wasn't in their county, and they probably didn't want to get into the middle of it. But I did get a constable (it seemed to me his name was Frank), a very pleasant man, and we just asked him if he'd help us with the thing, that we wanted to put a guard on the door there, because we knew the history of this thing. A lot of these happened in the Stockmen's Hotel, probably because the people just stayed there, and they'd immediately come up and threaten 'em, or would start their usual tactics on 'em.

So we told 'em that we would keep somebody there, but that it was kind of a long vigil. This fellow split shifts with us. Bill Gallagher, and the constable, and I stayed—got a chair, and just sat out into the hall, and stayed there all night. Dennison—she told us that Dennison had made a phone call or two afterwards. We were afraid he'd just rush up, like he sometimes did, and just force his way into the room. By this time, we were beginning to get indications that sometimes they were pretty rough when the occasion seemed to demand it. They got pretty tough, pretty rough, and they were dangerous.

I called in the middle of the night and got ahold of a young district attorney, who was very new in the area, by the name of Jack Sexton. And he told me he was coming to Elko immediately, made arrangements to meet me, and that he'd immediately file charges. He got in about midnight, I guess, and we sat up a good part of the night going over this. He interviewed the witnesses, and he went and prepared his case through the night and into the next morning, and filed charges against Dennison for operating without a license, which was about all we could do. At least, we had something to go on. And he had the people as witnesses who could testify that they gambled at this game there.

I was quite impressed with Jack at the time. He was a young man. He was full of energy, and he hasn't changed much through the years since he's been a district judge. He was a very outspoken guy, not afraid of anything, and tickled to death to finally come to grips with this, because by the time he became district attorney of Eureka County, he was interested in it, too, and knew quite a bit about it.

And so he filed the charges, served the papers. I'd talked to an FBI man that told me some of the background of the incident. He had gone down to Emigrant Pass with the

state policeman, Russell Planck, I think, was his name. But he went to serve the papers. And he told me, he said, "I'm not supposed to get into things like this. But those are dangerous men, they're bad men when they're crossed, and," he says, "I wouldn't let him go down along. So," he said, "I just went with him for company, for the ride. And," he said, "don't you go down there and get trapped in there, where they can—. Because," he said, "I'm warning you, they could be very dangerous people." He said, "You just don't know what you're dealing with."

Jack got a hearing at Palisade, which is a little railroad siding town. It was at one time the junction of the Eureka-Palisade railway that Jack Sexton's father and uncle had owned. And it is in Eureka County.

So the trial was held down there before the justice of the peace [Leo Lucey]. The jail was one little room off of the one-room schoolhouse. The front room was the schoolroom, and the back room was a room that was secured a little bit and used as a jail, where they harbored violators. And the JP held court there. At one time, there'd probably been more [residents], when there was a railroad office there, when they lived there, but I don't think there was a dozen people around there, or very many more than that.

And Dennison, as always, in a pattern of this kind had cultivated the local people, and he was good to them. He brought them things, brought them presents—jugs of wine, or food, or many other things. He gave some of them work up there, and had pretty well ingratiated himself. He was a charming person when he wanted to be, and had pretty well ingratiated himself with the local gentry, at least. So we felt we wouldn't have a real sympathetic trial.

I have the feeling—I've accused Jack of that afterwards, and I don't remember that I

ever got a straight answer—I had a feeling that it may have been Jack's first case. Certainly, he hadn't had very many. His first case out of law school— that is, of this type—and certainly, you didn't get very many in Eureka County. And what followed would've made a movie script or a television script. I suppose you would have classed it as a comedy, possibly even a farce, but it was very picturesque and very interesting.

We went up with a constable and a young chief of police from Carlin, which was the nearest town, much closer than Elko. The chief of police was a young man (I never did remember his name), just out of the service, and not particularly baffled by anything. And he was glad to come for the excitement. And a constable from Carlin. He was an Aiazzi. (There was quite a large family in Carlin.) But anyway, he came along, both of them, of course, being law officers, packing their guns. Planck was there from our side, Jack Sexton, and his wife, Bill Gallagher, and myself, and the two witnesses. We came down, I think, in two cars—two or three cars. I can't remember whether the FBI man came along as an observer on this one, or not. I don't believe that he did.

When we came there, we were all by ourselves. We just kinda made a caravan to this little one-room schoolhouse. Palisade was, and is, quite a picturesque place. The river runs through there. It's in a little, narrow canyon. And we kept waiting for the defendants to appear, and finally, they came down from the hill. Emigrant Pass was on the hill, right on top of Palisade, and there was a trail down from there, a road that could be used or not, not a traveling road at all. As a matter of fact, I think it was within walking distance to the top of the hill, to the highway, and which, of course, is where the pass was, at the top of the hill.

So the justice of the peace came down with Dennison, his wife, [and] a very dark character whose name I used to know quite well and forget now. The JP was Leo Lucey. They called him "Pope." And we had been warned that the JP was—and had—I guess worked for Dennison occasionally. He had odd jobs for him to do. Dennison had some other great big guy. Somebody later said it was a son or a stepson. But there was two or three characters that I wouldn't want to've met in a dark alley, or anywhere else. I mean, they—they looked—. Maybe my imagination was beginning to run away with me, but they looked a little tough and sinister. I also suspected that the JP had been sampling of the jug that Dennison was [reputed] to have brought down on occasions.

We filed into the one-room school, sitting on opposite sides like belles at a country dance, facing each other. There was little discipline in the court when it finally took over, and I'm sure the JP wasn't accustomed to any full-fledged trial of any sort. Nothing ever happened in Palisade, probably, unless somebody got drunk, or something of that nature. But I'm sure that probably he didn't have but very few cases a year of any kind, or served some sort of papers.

Mrs. [Carmen] Dennison was quite a character, and we'd been warned about her. She was very stocky, and blonde, a different type than he was. And we were warned that she could handle herself as well as any man, and that she'd been known to throw men out of the place. We were also warned she carried a pistol in her handbag. All I know is that it thumped pretty heavily when it went down (of course, I was watching for it). But it was a pretty heavy bag and a large bag. We could hear it thud as she set down.

So the trial went on, and Jack waxed quite oratorious. He gave a very impassioned

speech, as to these people were the blot on humanity, and they were a stain on the fair gaming of the state of Nevada. He put on his witnesses, and they testified very straightforwardly. Dennison had an attorney, but it seemed to me either he didn't show, or he showed late. He was a little reticent about coming; I remember that. And I don't remember him participating very much in the trial. If he came, he stayed very quiet. But Jack waxed very strongly, and he just gave impassioned speeches, got the testimony of both of them, that they had seen the game, that they had gambled.

And much as at a small town gathering of any kind, there was no bailiff, nobody but the justice of the peace there, so the people, particularly the partisan people from Mrs. Dennison's side, were constantly making remarks and cat-calls, and jumping up and calling the witness a liar, or saying, "Are you going to let 'em get away with that?" "That isn't true." And the JP would softly tell'em to kindly keep still. He didn't use any authority. And then pretty soon, Mrs. Sexton got quite hot. Everybody that was associated with it and knew the background would get pretty upset over it. And pretty soon, she and Mrs. Dennison got into small name-calling matches while the trial was going on, sometimes in the middle of Jack's stirring summing-up speech. If you want to use the word "comic opera," that was it. It was certainly picturesque, and it certainly went on in a way I don't think that any other trial has ever been recorded for posterity. The audience was almost as vociferous as the people involved. The JP had said nothing, practically. He just kept quiet and listened.

Then he called a recess, so we went outside. The whole bunch of us filed out. As I remember, most of the Dennison group stayed inside, although a little later—there was

a ten-minute or so recess—I can remember Mrs. Dennison filing out, getting some air. So finally, we heard 'em calling that they were going back into session, and I just had gotten to the door when I heard Jack's enraged howl, saying, "What?!" You could've heard him a half-mile off. The JP was standing up, with his hands in front of him on the table, looking straight ahead, and (Jack) said, "What did you say?"

The JP said, "I said the case is dismissed for lack of evidence."

I'm sure that there was nothing in the courtroom manner to discourage Jack. He burst forth in a very indignant howl of rage, and he started telling the JP what he thought of him, and what kind of a person he was, and what he was going to do to him. And he said, "I've never seen anything as flagrant as this in my life, when you sit here—," and he just—he pulled no punches with him.

And about this time, Dennison jumped in and pushed him away, and says, "Don't you talk to my friend that way!"

Jack started pulling off his coat, and Dennison started pulling off his [laughing], and they were going to fight.

And somebody said, "You can't do that! This is a courtroom," or something, even though court was dismissed. I jumped in—. They came back together, both of 'em in a rage. And, of course, I, by this time, had had a pretty good rundown on Dennison.

Oh, I forgot to mention that prior to us going into the courtroom when they came down from the side of the hill, Dennison came up and went up to the lady [the witness] in his very courtly, smooth, southern manner, and said, "Howdy, folks. How y' all?" And said, "May I speak to you? I'd like to speak to you a minute." He had two or three of his people behind him, and, of course, we were a little bit in strange territory. And I stepped in between

them, and said, "You're not going to talk to her 'til after the trial. She's a witness in this trial, and you're not going to—." And it was amazing how quick his manner could change. I immediately remembered the story that Ollie Slark told me about him, and the suspicion that he was on narcotics. I can remember his eyes completely changing, the pupils of them being quite small, and he started to scream and rage at me, just completely screaming, pushing at me. Bill Gallagher jumped up, and jumped alongside of me, and we didn't know whether we were going to get into a free-for-all there—calling me every name that he could think of, and telling me that he always thought I was a gentleman until I refused to—. He said, "When you refused to shake hands with me, that showed me your strength." It was about this time that the rest of the party showed up. And he could change; he could calm down immediately, and become his old, charming self. But he certainly had shown his temper in the screaming match he had with me outside there. And this was what he was getting into again with Jack Sexton.

Kirkland was the name of the little dark fellow that was pretty much in the middle of it, and he looked like a pretty hard customer, pretty tough customer.

I jumped in between Jack and Dennison, Jack tuggin' at his coat, telling me he would fight it out. And I kept pushing Jack away, telling him that he was an attorney, he knew that wouldn't do any good. And they finally agreed that they'd go up and fight. Dennison said, "Come on up to my place and fight it out." And Jack was going to go with him, and I kept pushing at him and telling him he wasn't going to go anywhere, that I wasn't going to stand by and see him go up there, that he was going to stay right where we were. And Jack said he was willing to go. Kirkland had jumped up behind Dennison and started

screaming at me. Bill Gallagher had jumped up, as he always did, on my side.

And about that time, Aiazzi, the young chief of police from Carlin, got into the fray. There was some shoving going on. I can remember Aiazzi pulling out his sap. His eyes were dancing, and he was obviously spoiling for a good argument if somebody wanted to start something, but he was smart enough not to start it himself. He was dancing around with this sap, and Dennison still was making some menacing gestures at Jack. So I turned to Aiazzi, I said, "If he makes a move, sap him. Conk him!" And [laughing] Aiazzi was more than willing to do that. The thing ended in a glaring match, and everybody glared at each other. Mrs. Dennison started to call everybody names. We got out, and by this time, Jack was calmed down enough. I had him by the arm, and his wife was pulling at him, and told him not to be a sucker and walk into something like this. There were other ways.

One of the other things [Jack] told them, something that I never forgot: The landlord was there at the hearing; I think his name was [Harry E.] Lewis, some name like that. The landlord was there at the hearing. He was just interested, ostensibly, at least, as all of them were, because he made good money off the railroad place. Jack started screaming at all of them. He turned to the JP, and said, "Your district lives by the sufferance of the county commissioners, and I'll abolish your district. We'll put up with no more nonsense like this here. You've been JP here for a long time, but you're not going to be JP any longer when I get back." He wheeled to the landlord, and he said, "You are up for the commander" (of either the American Legion or the Veterans of Foreign Wars), "and," he said, "I also belong to that organization, and I'm going to see that you get nowhere in that organization." (He

was supposed to be the next state president.) "I'll take the floor against you and run you out if you even get active in an organization like that, because I'm not going to stand for that." And he wheeled to Dennison, and he said, "And I'll have *you* in jail, and have *you* run out of this place before I'm through with any of you."

I never forgot that, because he did every one of the three things he said he'd do. At times I've been on the other side since, and [he's] done many things that I might not have agreed with. He certainly has been a controversial person—but I have a complete, warm feeling in my heart for him for that, and he did for me. He told me many times that I was the only person up to this time that he'd run into that he felt he could trust or that would help him in this deal. He felt like he was fighting it all alone. And I had a little bit of the same feeling, so we were kindred souls that got together. And, of course, that wasn't the end of it, but that was the end of that particular trial.

I can remember going down the—there was a porch on the front of this old schoolhouse—going down from this high porch. And Mrs. Sexton was very much wound into it (I don't think that they had been married very long at that time; she was a young, attractive woman), and she was hurling epithets at Mrs. Dennison, and Mrs. Dennison was hurling 'em back. Dennison was in a complete rage, screaming, calling me a political sucker, that everything I did was for politics, that I wouldn't shake hands with him, that I was a snake—no, that was the name I reserved for him. That was the only thing I could think of, and I have laughed many times since, 'cause I could—having a little time—I could think of a lot of things. I can remember saying to him, "You're a goddamn snake!" [laughing] I was so worked up and so mad,

I couldn't think of what I wanted to—some real bad things to say to him.

And Kirkland was screaming at us. Dennison was walking up and down the porch, doing something that I called attention to before. Without casting any reflections at all—it was merely the way he did it. Sexton said he'd have him tried, and he would have him run out of the place, and Dennison was fingering his Masonic ring and holding it up, saying, "I've been tried by honest men. Not by political suckers, but by honest men." I don't mean that as any reflection on the [Masonic] order, because it was merely the way he used it. As I've said, we found that it was used to gain at least an ear, and to gain them a little attention. I think practically every case that we ran into [it] was about the sane. I know Pollitte used it. And then I found out later that honest organizations, honest people, are many times used by dishonest ones in ways that they can do nothing about. It's happened to me many times.

I'll always remember filing off—it would've made a tremendous scene, and it's a picture that stuck in my memory. The sun was down over on the canyon—it was a quiet canyon—and us filing, wending our way one way, people shrieking and still hurling anything they could think of, and taunting each other, and they, wending their way up the hill, and us wending our way down the canyon.

When we got back, actually, this little woman [the witness] seemed to be enjoying it. She was remarkably cool. She was a cool head. And something began to run through my mind. I never did get anything more than a hunch on it, but more and more, as I watched her, I began to think she was just too cool, too much at home in these circumstances to be a casual visitor, and have these things just happen casually. 'cause by her own admission, and everything else, she went up to Dennison

and virtually kidded him into playing the gambling game with her.

At that time, I was torn between two things. I thought, one, she might have been something we feared for a long time, a writer that might have been working up an article. (And there were some articles, of course, worked up later.) Or, that because I had complained loudly, in Las Vegas particularly, and on the Tax Commission and to the people there, of what was going on, and that I felt, as I have many times since, and many other people have, that the gaming interests, themselves, who had much more facility available to them than we did (We were just a bunch of struggling kids working on a small salary. We had no funds other than six dollars a day expenses that were given to us, and a state car.) We were working under a lot of handicaps—and a private investigator—I often wondered why they [the gaming interests] didn't do that. In fact, I can remember jumping Bill Moore about it two or three times, and saying, "Look, it's to your interest. This thing's going to really blow in your face sometime, and it's not to your interest to have it." And he said he didn't want any part of it in the gaming. So I began to wonder if she could've been a plant from either a private investigator's side or [a reporter]. Nothing ever came as a result of any magazine or newspaper article, so evidently, that hunch was wrong.

I asked Bill [Gallagher] about it, what his feeling was, and he came up with pretty much the same general feeling. She had a camera, and she was snapping pictures. She was, really, the least upset one of the bunch. And Bill said, "Well, she took a picture or two of you when you and Dennison had your chins about two inches apart and were shrieking at each other. He said, "She was taking pictures of people." I thought she was a pretty cool

head. He was just a big sailor guy—nothin' too much about it.

I'm sure they didn't need the protection that we thought they did, but they accepted it in very good grace. Before the trial, we stayed with 'em the next day, and I think Jack got the trial set for the following afternoon. She went down and had her hair done, and I followed her, and sat with her in the beauty shop. He went to a barber shop, and Bill followed him, so that we would be sure that—. Because we knew the history of the thing was that somewhere along the line, some witnesses got accosted and either bluffed off, paid off, scared off, or any way that you want to put it and they would never end up as witnesses. Their whole game plan seemed to be to destroy any complaining witnesses that you might have.

Jack [Sexton] said he would have a grand jury hearing. He said, "They haven't heard the end of this," that he was going after it, they would have a grand jury hearing, [and] wanted to know if she'd come back as a witness. She said yes, she'd come back. He said, "We'll pay your expenses," and she said, "Well, that's fine." She didn't seem to be overly concerned about that.

So then we began to worry about getting 'em out of town. And as I say, I don't think they were as worried as we were, but we'd heard all these stories of what bad men these were, and that they would possibly resort to violence. And I can point out many years later, at the end of this thing, that it was absolutely true. I told Jack Sexton that in later years. I said, "You know, I probably saved your life, because," I said, "that man probably would've killed you if he'd ever got you alone, or could have. He was capable of doing it." And Jack said, well, he knew that, but he was mad.

I can remember calling up Carson City—we didn't have a police badge, we didn't have anything. Maybe we would've gotten more

cooperation from some of the local police if we'd've asked them for it, but we were, at this point, so suspicious of everybody and everything that we didn't know where to turn. I can remember calling Dud Kline in Carson City. He was very sharp and quick. I said, "Would you like to take a ride up to Elko?" He knew what was going on up there, and knew all the background of the case.

He said, "Sure. Do you need me?"

And I said, "Yeah." And, of course, we were being real cute in case our phone conversation was overheard, or somebody was listening. "Well," I said, "you've got some hardware." He had some shotguns and hunting rifles. He was a hunter. And I said, "We might see a deer or some rabbits to shoot. Why don't you bring your equipment along?"

"Fine, fine," he says. "I've got it. I'll be up."

I can remember calling Governor Pittman, telling him what had happened, and the rather shabby end of the thing. The governor was so excited he was screaming into the phone, and he commissioned me a state policeman, and if I got into any trouble, or anybody got me into a corner, to shoot 'em, and he'd back me up in it. He was an old southerner from way back.

But anyway, we tried to stay with the people. I don't know whether we gave them real close surveillance. As we'd read of in cases in books, the testimony was in, and there really wasn't much that they could do. But we wondered if they would pull the same thing they'd pulled two or three times, like they did with the Navy boys, and just ride 'em right out to the state line. We wanted 'em to come back for this Eureka County trial, a grand jury.

So Dud showed up. It'd only taken him about six hours to get out there, and by the next morning, he was there, and we [laughing] had the place loaded with shotguns, and rifles, and one thing and another. And we agreed that we'd follow them out of the state, and that if

there was any problems, or any troubles, that we'd just come from behind, and take out our guns, and start walkin' by as though we were lookin' for rabbits or something, to see what happened, and see if anything came from it. But nothing did. We followed 'em clear to the Utah state line, and they waved cheerily at us, and went on their way. And more and more, the thought kept gnawing at me, of, "This gal is just too cool, too competent, to be just an ordinary tourist." I just couldn't figure out what it was. And completely cooperative. Normally, people don't— and this is what *they* gamble on—people don't like to be called hundreds of miles back to a trial in a little town. There's a lot of expense, and then they have to get off work, and there's a lot of time, but they agreed very cheerfully to all of this.

So, by this time, things were breaking pretty good, pretty wide open. We had three grand jury hearings on it. We had a grand jury hearing in Tonopah. We had one in Clark County on the Rock Station incident at which they took testimony from various people. So we went, and Alan Bible traveled with me on what we, then and now, term as the "grand jury circle" that we made.

I can remember testifying in the Nye County grand jury. And by this time, the story had come out in the paper that I, as Dennison said, was a political sucker, I was part of Governor Pittman's political machine, that all of these things were politically inspired. In other words, I found out then, something that we learned very much about later: the surest defense that a lot of these people have is to try to discredit the other side. This was used against us many times in later years. They can do it by innuendo, by all kinds of things. And I knew, when I got into the grand jury hearing (it only asked questions; I could only answer the questions that were asked me), I knew we weren't faring very well. I can remember

one woman asking me, "Well, why did you take such an interest in running down this letter by the superintendent of state police to Dennison? What did it have to do with you in your gambling capacity, or in the Tax Commission?"

I said, "Well, we just—we'd received so many complaints, and we'd been following this so long."

She said, "Well, why did you go out of your way to do these things, and to find evidence of this kind?" I could tell that, pretty much, [they] had been sold the idea that it was a frame, a political deal, and so forth, and I knew I was in a hostile territory, hostile jury. I don't even know to this day who was on it, but I do know and could tell by the questions that were asked of me. And, of course, we'd had some rubs with Nye County officials over the incident in the past, with a JP trial. The accusations had been flung back and forth, and, of course, while I wasn't directly concerned with it, [that] was a part of the whole picture. And when we left there, I can remember telling Alan Bible that we didn't do very good there.

Then we went on down to—I think we left there and went right on down to the Clark County grand jury. And, of course, I didn't get to attend it. Alan did, but I didn't get to attend it, except for where I was called as a witness. I can't even remember—I don't believe I was ever called on the Clark County grand jury. They went into this so-called doping incident. They went into all of this testimony and all of these accusations that were flying back and forth. They went into how the Rock Station got a license—they got one of these temporary licenses from the sheriff, and evidently— as I remember—had never gotten anything else. Maybe he had. But anyway, there was circumstances there. They called a number of the policemen, the sheriff,

and those people, to testify. And Alan told me that there—he didn't really reveal to me what went on in the grand jury—he just said, "Well, there was some damaging testimony and some damaging admissions. But," he said, "I don't know that anything would come out of it." He said, "I really don't think it did." And he kept telling me—I was getting lower and lower all the time—he kept saying, "Look, this isn't where we've got a case. We haven't got, really, a case in Nye County. We've just got some incidents, and we haven't got something to pursue. We haven't got anything down here, except what we know is going on, and to get a little community alertness to it. But," he said, "wait 'til we get to Eureka." He says, "That's where we'll have a case. That's when we'll start winning. But," he says, "we're not going to win here."

Well, I guess we heard, about this time, that the Nye County grand jury came out and verbally spanked Dewey Ebert for his conduct of the case, and criticized the way he handled it. Of course, hindsight criticism's fairly easy. And the young state policeman that was with him (Gibb Hefner), and that was involved to a degree with Dewey afterwards, was immediately fired. When the superintendent got back and found out that he'd been involved in this thing, he fired him. And he never went back with the state police force. He's a good friend of mine today. He still lives in Clark County, and he's been in police work, but not with the state police any longer. He found out that he had gone a little too far there in the cause of justice, and he promptly [laughing] lost his job. They spanked him for being along where he didn't belong (of course, ostensibly, he was just going for a ride), and sticking his nose into something that wasn't his business.

The matter was, as I recall, just dropped from there. But all of the jury reports were

certainly not flattering to us. They just thought that we had much ado about nothin', and that we were spending too much time on things that weren't our own business. Alan kept calming me down, and saying, "Wait. Wait for Eureka. Wait for Eureka. Things'll be different. We've got a different case there."

Sometime later, we went into Eureka County. Jack Sexton, of course, handled it as DA in the grand jury, and we made our testimony. Jack had rounded up a number of witnesses that had worked there. He rounded up, I remember, a cowhand that had worked there for awhile, taking care of the animals, and doing odd jobs, and one thing and another. I thought he did an excellent job in pulling him out by asking him questions. He did get some testimony, some damaging testimony to the superintendent of state police, that he'd stayed there, and one thing and another. I knew that he'd worked pretty hard on the case. We gave our testimony. As I said earlier, the outcome of that jury was notable. They indicted Dennison, [and] they did away with the justice of the peace in Palisade proper. (There was no need for one, anyway [laughing]; I don't think he had two cases a year.)

The place broke up, and Dennison disappeared, left town in a hurry. They never did serve the indictment on him, but they got him indicted. And all of a sudden, it ended almost the way it started. We just virtually woke up one morning, and there was nothing more there, and we never heard anything more about it. It was the last one. The Lathrop Wells thing had long passed. The Rock Station was only going for awhile. We heard rumors of someone in the Arizona strip, just on the other side of the Nevada line: we watched very carefully for any more evidence, but we never, as I remember, ran into anything more.

There is an aftermath to it, many years later. Dennison went to someplace on the Carolina coast, I think, or Georgia coast, on the main road down from New York to Miami, Florida, and he ran a little restaurant and operated some sort of a skin game. I don't know what it was, other than it was a con game, and it created quite a stir there. And he used the sane tactics—they're age-old—you get into the small town, [are] very good to all of the people, very generous with them, probably gave them meals as one obvious way to court them, and built himself up in a small community while he was fleecing the tourists.

The *Atlanta Constitution* got wind of it and sent a reporter up there to expose the story. The story ran, also, in a magazine. The *Atlanta Constitution* ran it, and Dennison was the central figure. They finally exposed it, but in the meantime, Dennison had gotten into an argument with someone, very similar, I suppose, from the description, to the argument I got in with him in front of the old Palisade schoolhouse, and that Jack Sexton got into with him inside of the schoolhouse. He pulled out a gun and shot the man, killed him. The best that I could find out from that was that he was tried for murder, and he either jumped bail or got off. Anyway, nothing very startling happened to him. This was many years later, but evidently, he just continued to operate in the same way, undoubtedly made a tremendous amount of money on it. Of course, if he was supporting the habit, which he may have been—I don't know; I only know what the police told me—he probably needed a lot of money. But he made a lot of money! Some of the stories we heard of the money that he made there were fantastic. You just wouldn't think that people could come up with that much money, just people traveling around.

That's the last I recall of the incident, except, as I said, from the stories that I read

afterward. (When I saw it, it was in one of the magazines, this investigation of the *Atlanta Constitution*.) I remember I always reminded Jack Sexton that I'd saved his life, and, of course, he [laughing] admitted he was pretty hot. Of course, I was drawing pretty freely on a capacity to exaggerate; I don't know what would've happened to 'em if they'd've gone up and fought it out. And Jack was willing to do it, too. He also took the floor in the next state meeting of the veterans' association, and did just what he said he'd do there. The man pulled off—later, he may have run—but he pulled off that year and didn't run. I always admired him so for action—action was his middle name, and still is, I guess. He's like his Uncle John. But I'll tell you, he was a friend in need at the time I ran into him, and he has told me many times that he regarded me in the same way. We needed each other right at that particular time.

THE EARLY DAYS OF GAMING IN RENO AND AT LAKE TAHOE

We'll take up some of the gaming in the Reno area, going back to the earlier days before the state got into the picture at all, and after gaming was legalized. To the best of my memory, after the legalization of gaming in 1931 up to the time that we became interested in it, from the state angle, in 1945, gaming in Reno practically could be defined as: the Riverside Hotel, Harolds Club, the Bank Club, and the Palace Club. There were, of course, many of the places that had one or two games, such as Colbrandt's, Leon and Eddie's, various places like that, primarily bars, and would have maybe a couple of games, and, of course, some areas on Commercial Row.

The Riverside was run by George Wingfield and his son, and it always was the swank place in town. It was *the* place to go. Old-timers in Reno still remember the Riverside fondly for its reputation, and as the place where everyone wanted to go. They didn't, at any time, have, to my memory, a show policy of any kind, unless there might have been some little entertainment in there. It was primarily a hotel, and cocktail lounge,

and where some of the best people gathered. It had gaming, but it was not emphasized as the main operation in the Riverside Hotel. I can recall of no problem with 'em at all.

Harolds Club started in a little store building at its present location, or a portion of its present location (I don't think the frontage on it was over twenty-five feet at that time), and they operated a penny roulette game. They had a carnival layout that I've always heard, later, came from Raymond I., the father, when he had operated in Venice, in carnivals, and operated bingo games on the beach. And this was a miniature roulette layout at each table, had all of the numbers on it in a little miniature layout, and you bought chips for a penny apiece. You could play the game for twenty-five cents. And then they had a huge wheel, similar to a carnival wheel, that spun as a big carnival wheel does, instead of a ball rolling around as is done on a roulette wheel. It was the same layout, and the same game, and they paid the same odds. Harold Smith and his brother, Raymond [A.], worked in the place constantly while it was open, and

paid off as they would pay off in a carnival layout of that type. It became very popular as a place to pass the time, but no one lost any great amount of money at a penny a chip. It was just a lot of fun.

Later, I understand, they sent for Raymond I., the father, who was really the brains behind Harolds Club. It was his genius that made it into the place that it later became. They graduated into other table games at the same location, knocked out the wall, enlarged the place, did away with the roulette layout they had, and went into the gaming business as a gaming casino. I had heard of the sensation that was created when Raymond I. put mice on the replica of a roulette layout, instead of having a little socket for the ball to fall into, they had little holes for the mice to run into. And they would throw cheese in there. I never personally saw that. I remember hearing about it. And this created a lot of interest. And it was from there that Harolds Club went on to the fabulous operation of a few years later.

On the other street, on Center Street, there was the Bank Club, on Douglas Alley. And it was probably the big casino in Reno at that time, until Harrah's Club later supplanted it. And the Palace Club was right across the alley. The Bank Club, of course, was an operation of McKay and Graham, and Bill Graham was quite active in it as the overall boss. Actually, the gaming boss, and the one who really covered the operation on a day-to-day basis, was a man by the name of Jack Sullivan, who at one time had gone under the alias of Jack Scarlett. And to the old-timers in Reno, he was quite often referred to as "Scarlett Sullivan." Evidently, somewhere in his background, he had adopted an alias, and left wherever he came from for more hospitable places, and ended in Reno. He was an oldtime gambler. The place had a good reputation for operating straight games. As I pointed out many times,

a lot of our early troubles of games not being straight, or operating cheating games, is traced back to the smaller operations, the seasonal operations, or places that didn't have a chance for the law of averages to work for them. But any gaming place that has sufficient business, and sufficient clientele, doesn't have to worry about taking any of the best of it, as the saying goes, because the odds are in their favor. No gambling man, really a good gambling man, and an oldtimer, and a man that knows the business, is afraid of the odds, or having to take advantage of 'em, if he gets enough play. There's a remark in that light that was attributed one time to Benny Binion, down here [in Las Vegas], who was a first-rate gaming man, and has been all his life. No one appreciates this principle more than Benny. Benny has said many, many times he never operated anything but a strictly honest game because that was the way he made the most money. The remark was attributed to him once when he was giving better odds—what they call double odds, and triple odds—in the crap game than many operators were giving, and they were warning him that he might go broke. And he says, "That doesn't worry me in the least." He says, "With the customers I've got and the play that I've got, and the people that I've got coming here constantly to play, a bankroll is the least of my worries. I can always get a new bankroll, but I can't get new customers. But as long as they don't take my customers, and my play, why, I haven't got anything else to worry about. If I lose one bankroll, I'll get another." And this is the true gambler's philosophy. I'm sure that Jack Sullivan belonged in that category. Brad Hewins, who has been in the gaming business, and probably still is, in Reno, was one of the gaming bosses [of the Bank Club], a top gaming man. Walter Parman, who I've mentioned before, was one of the bosses there.

And it was strictly an old-time operation, I believe, strictly on the level. They knew the gaming business, they knew how to operate it, and at one time, it had the biggest part of the play, I'm sure, in Reno. The Palace Club, across the alleys, was operated by another group of old-timers. The best known of them was a man called "Baldy" [Elmer West], old-time operator of the same ilk as Graham, and Jack Sullivan, and the rest of them. These were the true old-timers. A little later on, Bill Harrah opened a bingo game on Virginia Street and Douglas Alley. Harolds Club now has that property. But his place, as I remember, was right on the alley. And he operated a bingo game that was very popular at that time, in which they had a rather crude wooden box, with the pockets built in by slabs being run acrossways, so that there was a little square pocket with a number on it. And they had all of the numbers on the bingo card there, and [the box] ran on a little track, and people threw a baseball at it. The tables were lined up on both sides, and this thing ran down the middle, and people would pass the throw, just as they pass the dice in a crap game. And people would throw a baseball in this box, it would bounce around, and finally settle into one of the squares, and would fall in that square, and wherever it fell, that was the number that they recorded on the bingo card. I suppose, after the number was called, they must have had some way of blocking it so that it wouldn't come again. That one, I can't remember. But I do remember this was the type of game that Bill Harrah operated. This was a little bit later, down the road. It was still before gaming came in. It must've been about 1939, before the state gaming law.

I remember him as a very handsome young man, running the bingo game there for his father, John Harrah, who ostensibly owned the place. Bill, as I have said, was a handsome

young man, and it evidently was a pretty prosperous game, because I met him when I was working as a salesman for Brown Motors and sold him the highest priced automobile, a brown Packard, it was, that we could order for him. Even in those days, he was a devoted automobile man. He loved automobiles, he loved to drive them, he was a fast driver, and wanted the biggest and fastest cars. That's a characteristic that he never dropped at all. I can remember, in later years, riding with him, and he was an excellent driver, but he could make your hair stand on end to ride with him. And his interest in automobiles is reflected in his collection of antique cars.

From every evidence we could see, it must've been a fairly profitable business, although it was just almost what you'd term a hole in the wall, similar to the one that the Smith brothers operated their penny roulette in. Later, Harrah moved up the street and took over a club that was operated, I think, by a man by the name of Robbin. Harrah purchased that club from him, and as I remember, it was about the location where Lincoln Fitzgerald and the Nevada Club is now, just slightly above the location where Harrah's Club later expanded. And that was the start of Harrah's operation. His operation, from the very beginning—once he spread out, and got beyond the bingo game—had all of the earmarks of the business insituation that it has since become in Reno. His business intuition was excellent. It was always well run. His accounting procedures were always of the best, and he kept working and kept expanding. And it was, and is, a tremendous business organization. It's run with all of the acumen that any other successful business is.

The Mapes Hotel, I think I have covered previously; it opened after the state came into the picture on gaming licenses. It opened just prior to Christmas, I believe, in 1947. And this

was an operation that started—originally, the emphasis on gaming was in the Skyroom, and I think the Skyroom was built specifically for that purpose. And, of course, the view and the atmosphere made it appear as though it would be the foundation of an extremely successful gaming operation. But the strange thing about that is (and it has proved out in the Mapes in Reno, and also, down here, the Fremont tried the same idea) that for real, active, fast casino gaming, a high rise, beautiful place like that just *isn't* the place, just doesn't seem to work out. People will not get into an elevator and go up seventeen, eighteen, or nineteen floors to gamble. They much prefer to wander around—much preferred it in Reno, and they preferred it in downtown Las Vegas—to wander around, stay on the ground floor, run from one place to the other. But as far as I know, no operation has been really successful in which that [skyroom] idea was tried. Yet, like the Top of the Mark in San Francisco, for a cocktail lounge, for a marvelous place to sit and look out the window, it's a beautiful spot. But it just isn't for a real fast, solid gaming operation. I think one of the reasons for that is that, of course, the dedicated gamblers, whether they're amateurs, or whether they're just people who occasionally gamble, get pretty wrapped up in the excitement and the pitch of the game. For instance, the stories that came down on the floods in Reno, when the Riverside casino was covered with a foot of water, people were standing in a foot of water still playing craps. And it's happened in other spots. They just don't seem to want other attractions, anything to distract people from the business of gaming. Entertainment's kind of gone along with it, because it's just naturally a background, and a lot of noise and cacophony, and it seems to just fit in with the mood of the people. But other than that, distractions just don't work out in gaming.

The Mapes, to this day, as I recall, has very little going in the way of a gaming operation in the Skyroom. The original operators—Bernie Einstoss was the senior man in the casino, and I can remember there was a Frank Grannis who was one that was in the license, and I think there was a third person that was into it. They actually had the hotel from the Mapes family on a lease of some kind. Possibly, the lease was based upon the business they did. But the function of the Mapes family, originally, was strictly as a lessor, and the gaming was run by Einstoss and Grannis. I'll come back to that in a minute, when I get to another incident that's well known and lasted in Reno for many years.

The Riverside Hotel [1955] was purchased by the Wertheimer brothers, primarily. Mert Wertheimer and Lou Wertheimer were from Detroit—they operated in illegal gaming in Detroit, and, of course, as many of the operators in those days did, they were, of course, acquainted with all of the best and worst people. And gaming, being illegal, [had] to buy protection and it was considered a part of the underworld operation, although we could never find anything in Mert Wertheimer's record other than the fact that he was kidnapped one time and there was quite a lot of notoriety concerning it. But there was nothing really particularly detrimental to Mert.

The Purple Gang, as it was called, was the operation that controlled Detroit for many years, as the Capone gang did in Chicago, and, I think, were involved in this kidnapping. But originally, the rumor was that because of this incident, it associated Mert Wertheimer with the Purple Gang, whereas I think, as it generally came out, the opposite was really true. He was kidnapped because he wasn't cooperating. But from every inquiry we got out of Detroit, Mert Wertheimer was a good

operator. He, of course, knew everybody in that area, good and bad alike, I suppose. But he started the type of operation in the Riverside that continued for a number of years, in which he had a showroom, and, for a long time, booked the top entertainment. His shows were the equivalent of those that they had in Las Vegas. And he had the stars of that era under the same stature that Las Vegas got, and he ran the type of place [that] was *the* swank place in Reno for a number of years.

After he discontinued it, this type of operation stopped in Reno for a long time, until it was picked up again in Harrah's Club in Reno, when Harrah expanded his operations, and the Nugget in Sparks. But for a long time in between, Reno really didn't have, to my memory, any top entertainment as they did in the days when the Wertheimers operated the Riverside and the Riverside casino.

Lou Wertheimer was—if my memory serves me correct—was a little different type of a person than his brother. He, as I remember, did have a few gaming arrests and some other things of that nature on his record, and, I believe, later, went into the Mapes operation for awhile with Bernie Einstoss.

But the Riverside of its day was quite an institution. One could go in to the Corner Bar—I think it's still there—and generally, back in the corner, was where Norman Biltz held forth. You'd generally see him with a coffee pot and conferences going on all day long. And you could generally figure that some deal was brewing when you saw Norman Biltz and people that he generally associated with. Bankers, and investors, and people of that type would come in, and many an investment deal, ranch purchases, particularly, and things of that nature, were cooked up on this old table that was always reserved for Norman Biltz. And I don't think Reno has ever had anything since of quite

the sane type and that has the same fond memories that the old Riverside had. I'm sure that's what was in the back of Jessie Beck's mind when she opened the new Riverside. She was going to try to recapture some of that old atmosphere of the old original Riverside.

Somewhere in about this period, Lincoln Fitzgerald and Danny Sullivan came into the Nevada Club at the location where it is still operated, between Harolds Club and Harrah's Club. They came from Detroit, but seemed to get along fine in Reno, and operated a very successful place. And as Danny Sullivan told Frank McCulloch once, he said, "Sure, we shot a little craps in Detroit, but who didn't? And we're no hoods," as Frank used to call 'em.

But an incident came out of that, that I can remember intrigued Frank McCulloch tremendously. He spent a lot of time on it. And it was one of the few incidents that happened in Reno, or in Nevada, for that matter, and it, I don't think, has ever been solved. I guess it was Fitzgerald that went home (it was a typical pattern) and opened his garage doors, and received a blast of a shotgun that had him near death for a long time. And no one ever could find out what had happened. It created quite a sensation in Reno, and Fitz was laid up for a long, long time, and still bears the crippling effects of the shot.

Frank was one of the first reporters on the scene. And there's been a lot of speculation off of it, but they never got any satisfaction. Fitz always claimed that he didn't see the person. It was a dark shadow, and he merely threw the door open and got this shotgun blast. But nobody could figure out why, in Reno, anything like this would happen, because there wasn't any gang warfare, or organized gangs of this type, as there was in many cities of the day, and there wasn't a struggle for any control of the city. I can always remember Frank saying he was one of the first ones to see

him, and that Danny Sullivan, his partner, got there about the same time, and Fitz whispered something in Danny's ear. Frank always said, "I'd give most anything I possess to know what it was he whispered in his ear, because I'm sure it would be very illuminating if we could ever find out."

Later on, it was assumed that it may have had the same basic situation behind it as the shooting of Bugsy Siegel in Los Angeles. Although Siegel was killed in Los Angeles, and his killers were never apprehended, or it was never proven who was behind it, they always felt that it was the start of the wire service. (I believe I've covered that in part of my narration—the start of another wire service, I think, called Trans American.) And a lot of people believed—and it's the closest you could ever get to a motive—that possibly, Fitzgerald and Sullivan had been planning the wire service in Reno. And, of course, the history of Continental Press is replete with incidents of this nature. A number of people that were gunned or shotgunned, got involved in the struggle for the control of the wire service in those days.

I believe Danny Sullivan passed out of the picture with death from natural causes; and as far as I know, Lincoln Fitzgerald still runs the Nevada Club and the hotel at the lake. There were many years he lived in the penthouse above the Nevada Club. And for many years after the incident, even after he was no longer crippled completely by the shooting, [he] would come down in the elevator, always accompanied by two or three people with him, or someone with him, and they said he would come to the door of the elevator and look around for a little while, and then go right back on up. And this intrigued the reporters and some of the people that followed this. And there was always a lot of speculation that he never ventured very far

from his penthouse apartment for many years. But this was just a matter of observation, and finally, he started appearing in the club again, and whether there was any special reason or not, I never heard.

Probably, the Nevada Club and Harrah's Club are the oldest clubs under one operation in Reno. They've been operated practically since they were started under the same management and the same owners.

The Mapes changed its operations over the years. And, of course, the most remembered one, and the one that was almost notorious, was the case of Pechart and Kessel, who came to Reno from Albany, which is just outside of Oakland, California, down the Highway 40 there. (There was a place called Albany, I guess it still exists there as a community.) And they had operated there in the bootleg days, when it was quite far out from the populated area of San Francisco, and an ideal place for a swank bootleg operation.

These people were quite notorious in the Bay area, particularly Pechart. And they created quite a stir when they came into Reno to start up operations there. I think they originally tried to buy the Palace Club. And we began investigating them, and worked on it off and on for, oh, quite a long time, because they popped up two or three times, trying to get into operation into Reno. We could never really, to the best of my memory, find anything very insidious about their operation in Albany, other than real notoriety. They operated a place that was kinda referred to as the Castle, that reporters frequently wrote about, and the inference was that it was an armed camp, well guarded and quite insidious from that point of view. But basically, they had a typical bootleg nightclub operation for those days. When you came down to getting any real, basic records against them, it was quite difficult. Yet, it was like many cases

that came up, the Stacher case in Reno, and the Kufferman case here in Las Vegas, and those; they had just enough associations, and background, and notoriety that we were always hesitant in licensing 'em.

I think Kessel died not too long after they first attempted to get started in Reno. At least, he disappeared from the picture. But Pechart—and he was always called “Big Bill” Pechart—he attracted a lot of attention and a lot of notoriety, and after their failure to get into the Palace Club—I don’t know whether there was any interim applications—he applied for a license to run the gaming in the Mapes Hotel. And again, there was an application put in, it was vigorously supported by the Mapes family, who maintained that they had to have a man of his caliber and experience to run gaming, and that they didn’t know the gaming business (and, this, of course, was true), and that even though [they] owned the hotel, that a gaming operation was essential to 'em, that it was very essential that they have this man to run their operations for them and protect them.

We found out that about the only thing that we could really dig into was [that] Pechart was in Las Vegas in the early days, and was involved somewhere along the line, in some way, with a shooting. He operated in the notorious Block Sixteen in Las Vegas, and, I think, ran a saloon there. And there was a shooting. One of the girls got shot down there, and some way, he was involved in this investigation of this shooting. I don’t think that he was directly accused of doing it himself, but nevertheless, he was involved to the point where he was questioned considerably concerning the incident.

We were largely in the same position that we got into with David High. Pechart was pushing his application very vigorously. He was demanding to know, and his attorneys,

why we objected to him, because I think they well knew we didn’t have a real, official record that indicated too much against him, other than his notoriety. He looked the part of a tough gambler. He was a big, sour-looking person. He could be very nice when he wanted to be liked, of course. But he was a big person, and his size and looks, by itself, almost indicated he was the type of person you didn’t monkey with. We were almost at the point where the pressure to give him this license was really getting heavy, and we were getting to a point where we were starting to dig for some basic reasons to come up with that’d stand up, because we felt, as we did in these other cases, that definitely, they just shouldn’t be licensed, that they weren’t the type of people that we needed.

I can remember; in my office, he came in to talk to some of us. He’d been in to a commission meeting. He came into the office later. Paul McDermott and one or two other people were there, and, of course, Paul carte from Las Vegas, and had done a little investigation, or had a little investigation done here, and knew some people, of course, who had lived in Las Vegas at the time of this incident. And Paul made some statement as to Pechart’s connection—or involvement, if you want to put it that way—with this case, which Pechart heatedly denied. And in the argument, Paul said, “Well, I can prove this is so. It’s a matter of official record.” It was regarding something connected with this incident.

And Pechart completely denied it, and said, “If you can prove that, I’ll withdraw my application, because I vigorously and completely deny it.”

Paul said, “I’m going to take you up on that, and I’m going to prove it. And I’m going to expect you to withdraw your application when I do.”

And Paul did that. He did come up with complete black and white evidence. Evidently, Pechart had gotten a little careless and forgotten some of the incident—it happened quite some time before—and Paul came up with it. And that, as far as the Tax Commission was concerned, ended Pechart's consideration for a license in the Mapes.

But then, for many years, Pechart was the gaming boss in the Mapes. Although it was steadfastly maintained he had no interest in the Mapes, most everybody in Reno who observed anything at all, including ourselves, were always sure that he did. It was always explained to us that he was credit manager, and that he had the background and experience for this type of a thing, and had nothing to do with any interest that he might have in the Mapes Hotel.

We were constantly being needled by various people, people in Reno, as to why we put up with anything of that kind. I can remember once, after the gaming board was created, we held a hearing at the Mapes, trying to get at the facts. But we could never dig enough to prove that he had any direct involvement. I can remember one time, I was told by a couple of attorneys in Reno (Bob McDonald was one) who said they dropped into the Mapes for a drink, and he was sitting there, talking around—. Pechart was also a greeter. He knew lots of people, and as I say, when he wanted to, could be very pleasant, and was very good at it. And Pechart dropped around, bought 'em a drink, and sat at the table, talking to them. And they started kidding him because they thought it was rather a joke, said to him, "Peach, we thought you weren't supposed to have anything to do with this place."

"Oh," he says, "I haven't got any interest in it." He says, "I just work around here as floor man. I'm a credit manager."

And they kept kidding him about it. He knew they were kidding, but he kept denying it. And about that time, the lights went out. And they said he bolted out of the chair like he was shot, and jumped back into the casino, started giving orders and directions, telling 'em to protect their money, and what to do with it, and callin' out the security guards. [They] said there was no question as to who was runnin' that place, and who was the sole guy running that place during the period that the lights were out. And afterwards, he came back to apologize for leaving so quickly, and they, of course, had to needle him a little bit, said, "Peach, we thought you didn't have any interest in the place."

And, of course, this went on for many, many years. It was just one of those things that every now and then, the newspapers'd write about, but it was just something you couldn't get at. Of course, I think the recent suit in which the Mapes people got a judgment of some sort against the insurance company, I think that virtually admitted that he was the holder of an interest in the Mapes Hotel all during those years. It certainly was an item for people who observed the Reno scene for many, many years, and was always a source of comment.

After Pechart left the Mapes, I guess the Mapes family finally hired their people to run the casino, and figured they had obtained experience enough to run a gambling place, and which, of course, they have. They run gaming operations in two or three areas in Reno now. But I think the old-timers in Reno will be a long time forgetting Big Bill Pechart.

LATER DEVELOPMENTS

While we're discussing the gaming of those days in Reno, one thing that was a source of continual, oh, irritation, was always

a knotty problem, was a situation that existed for a number of years, and while it didn't exist solely in Reno, I think it was more evident there, possibly because the gaming board was located there, and we got most of the pressure there. But we were continually getting applications for various type games, different type games than the normal games that are associated with a casino operation. Someone was always coming in with some new game they had invented, or a variation that hadn't been played in Reno, and was constantly seeking to get a license for it. I think the reason for it was fairly obvious, but we got a flood of applications. And we had applications, for oh, barboot, a Greek game; crapless craps; beat my shake, actually some game that was very close to the old valley game of flipping the coin at a crack; Chinese games such as fan-tan; dominoes, games of that nature; mechanical games of all kinds and types, and mechanical race horse games, one very elaborate one where they ran races on a moving picture screen and conducted a pari-mutuel betting in accordance with the results that would be run on this screen from races taken at random. It seemed like so many people were coming up with an idea for a different game, and then seeking to get it licensed. And there was an awful lot of pressure and an awful lot of argument on it for a long time. I think, probably, in the Tax Commission staff, and in the gaming board later, I probably was more adamant than anyone on this. I felt very strongly that in the usual run of casino games, we had all of the games that we needed, and that all of these new games [where] they changed the odds in the games, they were difficult to follow [and] just gave us something else to watch, and I just didn't see any necessity for licensing these new types of games.

The reason for it was pretty obvious, and many applicants were quite frank to say so.

For instance, we'd get considerable pressure for a game in one of the smaller places, called crapless craps, which used basically a crap table layout, but was a different game, different odds, something a little different and new. The argument that was given to us was these smaller places were continually finding some way to keep a clientele, to keep play going, and to stay in business. And it was about the same as the old insurance game in the early days. They admitted that, for instance, if a man wanted to play craps, that he'd much rather play it at Harrah's Club, Harolds Club, or the Riverside. He wasn't going to come across the street and play it in some dinky little joint. He was going to go first class and play it in a well-known place, and so forth, and that they needed something as a special, or as a leader, to bring people in there, so they had to have something different.

We continually denied those. As I say, I put up most of the pressure on it, and the commission and the board generally supported me in it, and we just virtually adopted a policy that we just wouldn't license any games other than those generally accepted, the types of games that were well known, and run all over the country.

Of course, from the experience that we had had with these smaller places, the many license revocations we had, and the problems I've outlined in keeping a place making money, and enough play to keep it running in the right direction, I just felt that encouraging games of this type in these smaller places was just furthering the very thing we were trying to stop, 'cause there was a lot of these places that just shouldn't've been running gambling games, and I think that's still true. Of course, it's pretty hard to restrict gaming to just certain operators, and it's never been done. But nevertheless, it's generally run the best in the places that get

enough play and enough experience to make a success of it.

In recent years, this policy has changed, and maybe of necessity. I think, now, you can see all kinds of mechanical games, particularly in the advent of the electronic age, where you're seeing all kinds of mechanical games, mechanical "twentyone," and race horse games, and crap games, most everything you can imagine. And it's a pretty good example—one is just trying to outdo the other into thinking up something new that nobody else has, so as to bring 'em business. And I think this has caused the present gaming board a lot of problems, and they've had to slow it down, because it has been something that can get out of hand.

In the same general vein, but in a different aspect, we also had a lot of troubles with the smaller places that operated in remote areas and on state lines. These places were remote, they were perched right on the state line to pick up people as they crossed the state line, and were very difficult to keep under surveillance and to know that you had a good operation there. And we were very rigid for a long time on licensing anything of that nature. I'm thinking, now, of Wendover, on the Utah line. Now, there always was a club at Wendover, at least one club, that had been operating there before the state took over the regulation of gaming. An air base had [been established] and that was another location that had considerable problems. Where there was an air base, you immediately found people that wanted to set up a place right outside the gates, and made it very convenient for the boys on the base to come and gamble. We always fought that. (That happened more in Clark County.) But the location of the game caused us a lot of problems. We knew there were certain locations that were a lot more conducive to a bad operation, and they

didn't get enough play to make a real constant, successful operation out of it.

We had applications on Montgomery Pass, on the California-Nevada border. But probably, our biggest one was in Jackpot, Nevada, on the Idaho line. And this was only forty miles from Twin Falls. Idaho at one time had had a local option on, at least, slot machines. And we were constantly besieged with applications for Jackpot. But as a matter of policy, we held these down. And I was always against granting an unlimited gaming license there, simply on the basis that it seemed to me it was obviously perched on the border to attract people from Twin Falls to come a short distance and enjoy legal gambling. And we were having problems with Kefauver, we were having problems with other states in gaming, and it just seemed to me that it wasn't a good image for legal gambling to have casinos perched right on the state line where they could attract people from across the line in a state that didn't want to have legal gaming. But this was always a source of considerable pressure and trouble. I think, for awhile, we licensed slot machines only, but never expanded beyond that. That actually, finally became a political issue in state elections, because there were so many people that were anxious to get established. And perhaps I was wrong in it. I never felt that I was. I always felt that it was better policy to not encourage operations of that kind to either prey on tourists or residents of another state.

Shortly after I left the gaming commission, they did open up gaming in Jackpot. If they have had any trouble with it, it certainly hasn't received much publicity.

There was the case in Reno that went on for a number of years, I guess, involving Bill Stremmel, who is now a prominent automobile dealer in Reno, and, I'm sure, a very wealthy man. We first heard of him

in Reno when he came to take over a local booking operation. I believe it was the one that was operated by Frank Frost, who was quite a notorious character in his day, and had operated a local book upstairs, I think, over the old Skeels drugstore on Second Street, right about in that area. And Frost operated primarily a phone betting system because he knew lots of players and lots of big players. He'd take large bets and make layoffs on them. He didn't have a drop-in-from-the-street type of operation. And it was under considerable fire many times, and Frankie Frost was quite a notorious person so it was with some relief when we saw that he was ready to sell out. We thought that our troubles might be over for awhile. I'm quite sure that this is the place that Stremmel applied for, to run a race book, a race booking operation.

Our investigation disclosed that he was the son of a wellto-do, if not wealthy, family, who operated a family business, I believe, around Napa, in the valley there somewhere. They had a sort of a cement and hauling business, and was quite a large corporation. So he evidently was a young man that had plenty of money and plenty of time. And our investigations disclosed that he was a confirmed horse player, and loved to play at the tracks, and also raised thoroughbred horses, race horses, and wanted to enter horses in the tracks.

We discovered that he had been involved in a case as to where he had bought a very famous, and very expensive Italian stud to bring over for his brood mares. He was raising horses on this family ranch. The record went on to disclose that this stud was, I think, about thirty years of age, had a very fine line of race horses emanating from it, and quite famous. So it created quite a stir when he brought this stud over to 529 America. And it seemed as though, either due to the long ocean voyage,

or due to increasing age, that by the time he got ensconced on the ranch in California that he was no longer able to perform services as a stud. There were several colts from these mares that he was brought over to breed. And the mares were registered—according to the charge—were registered with this Italian stud as the stud line. And then, it was determined by the Thoroughbred Racing Protective Association that he had actually used another stud and had registered these foals as coming from the Italian stud.

Well, this created [laughing] quite a dilemma. We had considerable correspondence. He was barred from the tracks, and I'm sure his horses were barred from the tracks because of this act. We, of course, had some ranchers on the commission that probably considered this quite a heinous offense. It probably depends on exactly how you look at things like that, but to horse breeders and cattle breeders, this, of course, was quite a serious offense. But there evidently was quite a lot of support for him in Reno. Just why, I have never been able to determine, other than Henry Rives was very, very concerned about him, and thought that our investigations were very frivolous, and didn't take any stock in them. Also, he, as I say, had the reputation of being a confirmed horse player, and undoubtedly was. He liked the horse tracks, and bred race horses, and loved to frequent the tracks.

Another report that we got was that he enlisted in the Marine Corps during the war, and his duties in the corps were that he was in charge of the Marine recruiting office in the Palace Hotel in San Francisco. The allegations were that he had been doing some booking while he was running the Marine Corps recruiting office. Now, these were allegations, but they were easy to believe in view of the past, the reputation of the man as a horse

player. He wanted to run a horse book, and this was obviously his interest in life.

I can remember Henry Rives scoffing at that. He was terribly concerned. (I believe he was represented by Thatcher and Woodburn, which pretty much followed the pattern.) And so, to refute this contention, they got a letter from the manager of the Palace Hotel in San Francisco, firmly and vigorously stating that no book was ever run in the Palace Hotel or in the Marine Corps office in the Palace Hotel. And Henry triumphantly produced that as complete and final proof that there was nothing to this allegation.

Well, of course, I didn't argue too much with Henry at the time, because I had some other and bigger things that were concerning me and Henry's attitude was worrying me on those. I could have pointed out to him, that, [laughing] naturally, the manager of the Palace Hotel wouldn't admit that anybody'd been doing any booking in his hotel, that he could hardly expect him to make anything different than a denial, and I'm sure the allegation was, primarily, that he was just running what we call a "pocket" book. He was just makin' bets out of his pocket, which, of course, was not a heinous crime [laughing] for a man that had always been a horseplayer.

But Henry was very involved, and very concerned about this, and he could work himself into quite a wrath when he was being crossed in matters of this kind.

And actually, any evidence that we had against him was rather dubious. I mean, it just got to be one of those cases, I'm sure. As I say, the ranchers on the commission didn't like this falsifying a stud record, didn't look upon that with any pleasure. I can't remember, but of course, it would be a matter of record, whether the matter was pursued to a final disposition on it, whether it was ever taken before a court, or whether it was a ruling of the

Thoroughbred Racing Protective Association, that felt they had sufficient evidence to bar him as a horse breeder. But nevertheless, it did come from the records of the Thoroughbred Racing Protective Association, which is the official agency of practically all the tracks in the United States.

But finally I gave up the argument. In the first place, as I remember, I felt any trade that we made for Frankie Frost was a good trade. He'd been grandfathered in. We worked on his license a couple of times, and had always been defeated in actions. We'd had some complaints on him, but they had always managed to show up with sufficient legal talent to beat it down, so I figured that any change was advantageous to us. And secondly, something that never became part of the official record, and probably was only known to myself and probably a couple of associates—Henry put such a vigorous fight on this thing, and we had this Kufferman case coming up in the Sands Hotel in Las Vegas that we thought was going to be extremely important to us, and Henry was so worked up on this thing, that I thought that it was best not to oppose him too much on it because I probably needed his help in a much bigger case and a much more serious situation, pointing up, I guess, something I've mentioned before, that lots of times you have to learn what arguments to lose, and to pick the ones that are the easiest to lose and do you the least damage. But I felt we'd worked Henry into such a dither that he probably would've opposed me in anything I'd come up with for the next few months. So we finally let go, and I'm sure he [Stremmel] was licensed.

Then it was about this time—or during this time—that we had come up with a situation I am sure I've discussed before, and that is we barred telephonic bets, or any bets from out of state, and I think I outlined my reasons for that at the time. And that, I think,

still exists today, the same rules that we had placed there.

Stremmel had shifted his base of operations, was operating over on First Street, close to the river. And he had a place there, and it was well known that he was taking outside bets, bets from outside of the state. A pretty good Reno policeman had worked very hard on the case, and I think had even gotten to the point where he was able to eavesdrop, and was gradually building up a pretty good case on this acceptance of bets from outside of the state. And about that time, the flood came along, and these places were flooded out, and I think had even gotten to the point where he was able to eavesdrop, and was gradually building up a pretty good case on this acceptance of bets from outside of the state. And about that time, the flood came along, and these places were flooded out, and I don't know whether it was this sane alert policeman, or whether it was one of our investigators, but the place was abandoned, and evidently, there was a lot of records laying around. And the janitor swept all of the records out into the foyer, and somebody came along and picked up these records and brought 'em over to us. Newell Hancock was on the board at the time, a CPA, and a very good one, and a man of bulldog tenacity when he started at something. The records, some of them were faded from water damage, others were quite legible, but Newell worked for a long, long time, and was able to reconstruct from those records a pretty good case, showing that there had been some acceptance of bets from outside of the state. He did a marvelous job, as I remember. He actually reconstructed some of his books, from these things.

And I guess it was on this basis that we placed a charge for his acceptance of bets from outside of the state [Winter, 1957]. I

don't remember the disposition of it. It may have had the same disposition that many of them had when our charges were pretty much verified. The case was dropped. The person just went out of business. And I believe, probably, that was what happened there.

But anyway, by this time, he'd gone into the automobile business, and had other interests, and, I'm sure, was a man of substance and means. He went into business in Reno, and evidently finally got away from the horses and the booking business, and became a very successful businessman. He was, and is, I'm sure, well liked in Reno. And I'm sure that, again, it was one of those things that was largely a matter of circumstance. It wasn't a great, big issue. That didn't happen every day. But basically, as I can best remember it, that's the story of Bill Stremmel, and I don't think that portion of it's ever been told. Officially, [laughing] at least.

For a change of pace, we might go into the early gaming at Lake Tahoe, which was, really, one of the thorns in our side in the early days of gaming and gaming control, mostly because of the nature of it in those days. Lake Tahoe at that time was, still, very much a summer place, as far as business was concerned, and yet, it was becoming evident that gaming was going to be very profitable up there.

The season generally started with Memorial Day, and most of the places made a big rush, and a big push, to get open for the Memorial Day weekend. That was the first big weekend. Now, they may have opened up a week or two ahead of that, and undoubtedly went to work much earlier than that, but this was their first goal, the Memorial Day weekend. And, of course, more often than not, as is still the habit in northern Nevada weather, it would be snowing, or blowing,

or horrible weather, particularly up in the mountains, and the Memorial Day weekend would be nothing but a fond hope, and everybody, afterwards, would complain about it. Then, of course, the next big one was the Fourth of July weekend, when the season was in full swing, and this, of course, was a real boon, and a tremendous weekend in Lake Tahoe. And then Labor Day weekend was the last big weekend, and invariably, most of the places shut down immediately after Labor Day. Once Labor Day weekend was over, why, the shutting down process commenced. Oh, a few hardy souls would run a little beyond it, and occasionally, some of 'em would try to run a little longer, or have hopes, but invariably, the business just fell off, flat, immediately after that weekend.

In the earlier times, we had problems getting the applicants to file early enough to get into business, and get in the action by the Memorial Day weekend, because, as I have outlined in the earlier discussions, they weren't used to this. When we first went into controlling gambling from the state level, they were used to paying a call down to the local sheriff's office and announcing they were there, and laying their money on the table, and getting their license. And so we quite often had constant problems with late applicants, or applicants that were rushing in all out of breath, and putting their application together and saying, "We want to open for the Memorial Day weekend." Sometimes it may have been even after the Tax Commission meeting for the month, and there was no way to get them open, or it may have been just so close to the meeting that we couldn't possibly get things ready for them. We had a number of hectic incidents of that type until people got used to the fact they were going to have to give us a little more time.

The first place that I remember, before the days of legal gambling, really, and immediately after it became legal, the first place on the south side, I remember, was the old Stateline Country Club. And it was an old building. I can remember having to go up the stairs to the old porch. Most of those buildings in those days were built along the style of a summer resort, would have wooden porches along the front, and sat up quite high. And the first time that I ever went to it, you went downstairs, into the basement area, to the gaming. Now, it's possible that gaming at that time might've been legal. But it was so new that it was still located where it used to be when it was in bootleg days, the bootleg era, and you went down to get your drinks and gamble downstairs, where they looked at you through the peephole. And I'm sure, that by the time I remember going to the Stateline Club, that it was legal, but it was still operated down in the basement there.

Of course, I can't remember in those days who held the license for gaming, because it was in the early '30s, where the old system prevailed. In fact, I don't think anybody was really interested in who the licensees were. The sheriff knew who they were, and all they had to do was to plunk down the money, and he sat down and wrote 'em out a license. But by the time we got into it from a state angle, there was concern in licensing 'em from the people that were operating, and also, quite a little concern about the nature of the game, as to whether they were good games or not; good, honest games, cause we were still operating in a period when we were getting particularly in the fringe areas, quite a little bit of cheating in smaller places, and we were trying to run it down. And at that time, the Lake Tahoe area was particularly conducive to it, and created suspicion of it because it

was such a short season, and the operators had relatively high expenses. It costs money to come in and open one of those places. We were quite sure that a number of these places had some of the fringe gamblers, and we watched them for that reason.

I think I've recited some of this—Johnny Laxalt going to work for us, and he was the first undercover man we ever had that knew how to recognize a second card. He did a lot of work one summer in that Lake Tahoe area. He worked particularly on the Wagon Wheel one year up there.

The Stateline Country Club was on the end of what would now be Harrah's Club parking lot. There was a row of buildings in there. And this Stateline Country Club was operated originally by the Sahati brothers, Nick and Eddie Sahati, who were Syrians or Armenians—I don't know—they were of foreign extraction. They were astute businessmen, Nick, particularly, and they were from quite a wealthy family in the Bay area, and they were interested in the meat packing business. They had an interest in the old T and D theaters, and were quite a wealthy family. They remodeled a number of times and added on to the Stateline Country Club. There was always an aura of suspicion about the Sahati brothers' operation, and they had quite unfavorable press. But I don't know—I don't think that they were quite as bad as their public image, in the press, although I can't say that they weren't hard operators to follow and to work with. Nick was the older brother and represented himself as being a businessman, and not a gambler at all, but that he had to look after the family interests, and brother Eddie, who was the younger brother, and who was a gambler from way back.

Eddie Sahati gambled both sides of the table, any side of the table, and was well

known in Reno and in large poker games, or large games of any kind. He was a good, heavy player on the outside and in the off-season, and played hard. He was a hard, driving man. And Eddie was a known, accomplished cheater. There was no question about that. He knew all of the moves of the game, he was accomplished in the art of it, and I'm sure that in his outside operations, as we termed them in those times, that he wandered around, was pretty much known to the fraternity. He was a high rolling gambler, too. But they watched him pretty carefully because they knew that he knew all the tricks and all the answers. Now, how much he used them is something else again. He also was a known dope user in the days when those things weren't as prevalent as they are now, and, of course, it was always said that, because of his wealth, that he had personal attendants and bodyguards all the time, or whatever you might term them. (I never saw them operate as bodyguards in the normal sense of the word, but he did have these people around him.) And it was pretty well known the government was watching him very closely, and that these people around him were around him because he was a user, and, I suppose, protected him, as well as, probably, some of them, must have helped him in obtaining the stuff, because there was no question that he was a user.

I may be a little naive in believing that as far as the operation of the club went, I never found any indication of the club cheating, or running bad operation. They were shrewd, hard businessmen. They'd take advantage of every angle. You'd try to work with them on the basis of their promises, and what they would do. They seemed constantly embroiled in something, like other people that we knew. And Nick, particularly, was dealing with me constantly. I didn't agree with his accounting

procedures. And I think, there, that we did have some problems. He'd make promises, or tell you what he was going to do, but he'd skim very close to the line on it. Sometimes you'd have an argument afterwards as to whether he did exactly what he said he'd do, and he was skimming pretty close to the line. He was that type of operator.

He told me that Eddie was his brother. He was an actor. He should've been acting in a Shakespearean play, or something. He was a ham. And he made out as though this was Eddie's life, but he'd constantly come back, spreading his hands, and very eloquently saying, "But he's my brother. I gotta look after him. He's my brother." And he posed as the businessman who had given up a lot of his business interests merely to come around and look after this black sheep brother of his. Eddie was swarthy and dark, looked like [laughing] a gangster, or a person of that type. Nick didn't. Nick was big, and bluff, and hearty, a different type individual at all. Nick told me that—I'll have to leave it for posterity to evaluate because Nick told me many things that I had to take with a grain of salt in one way or another—but he admitted Eddie had the dope habit. It was not even a carefully guarded secret. It was just accepted everywhere. And he said that Eddie got on the dope from an automobile accident, and that medically, he had to take it, and that by the time he had come out of the hospital, that he had the habit. He told me—and I never ran this one down—that he had gone to medical school at the University of California to become a doctor, simply because he wanted to help his brother. His hands'd spread [gesturing], "He's my brother! He's my brother!" and that he was going to become a doctor, but he didn't, but that he did go to medical school and spent a lot of time in it, just to learn what he could

about this, and if there was anything he could do for his brother.

And as I say, Eddie ran the gaming operation. He was the gambler. He was the high roller. He'd gamble with anybody for anything. And yet, as time went on, I began to form a pretty strong opinion, that Nick, who was represented as being the man reluctantly being drug into this horrible, seamy gaming business, and that it was much below him, that he had to do it for his family honor and for his brother, I began to suspicion, more and more, that whenever I wanted to get to an understanding, whatever *Eddie* told me was generally pretty straight. I never knew him to lie to me. I developed a pretty good relationship with Eddie. I don't know why. I think he liked me, and I never kidded him, and he just never kidded me. Nick would squirm, and hedge, and work around, and I was constantly embroiled with him on one thing or another. I never found any evidence of him not giving the public a good break, or being dishonest in his game, but I was never sure that we were getting the right break out of his accounting, and out of his reports. I found that Nick would squirm, and hew close to the line, and he'd promise me something, and I'd remind him of it, and he'd say, "Well, now, wait a minute. That isn't exactly the way it was." He'd take advantage of every inch he could get. And Eddie just wasn't that type. I sometimes could needle him where he'd get a little bit mad, but he was just an old-time gambler, and had been nothin' else, and didn't pretend to be anything else.

I had a number of go-arounds with Nick—I had a go-around with him on bad checks that he charged off. I said, "Nick, I just don't believe all these checks you're chargin', all these bad checks," which, of course, was a deduction from his gaming tax that he owed.

And so he said, "Well, what do I have to do?"

I said, "You'd better show me some." I said, "I haven't seen anything." I only had one auditor in those days. "The auditor tells me that you put off these checks. You've claimed to've got 'em."

He said, "Well, I'll show 'em to you."

He brought me a great stack of checks one day, and threw 'em across the desk in his abrupt manner, and said, "There. Take a look at those."

Well, I had a stack of checks, not a one of which bore a bank stamp, showing it had been "Referred to Maker," or turned down. They were just checks, written out, that he—. I said, "Nick, what are you trying to hand me?"

He said, "What do you mean, what am I tryin' to hand you?"

I said, "Anybody can sit down and write out a batch of checks like that, or have a group of people, each with a little different signature."

And he said, "Well, now, that's not true." He said, "we take these things mostly on a weekend, and," he said, "we know that we get a lot of bad checks in this business" (and, of course, they do; they still do). "And," he says, "Monday morning, I send somebody down to collect these checks [from] the bank."

Well, he was right there. This is still done in the gaming business, quite often, particularly in high checks, or things of that nature. Sometimes people have a tendency to change their mind after they give them because it's not a legal debt. so I couldn't argue that one with him too much. "But," he said, "we just take 'em down, and," he says, "I take 'em to the bank and say, 'Look, we want the cash for 'em.' The banker just takes a look at 'em and throws 'em back at us, and says they're no good." He says, "That's the reason they haven't got a bank stamp on 'em."

And so I don't know. I know I didn't like his story, and I said, "Well, after this, you'd better run the check through the bank. I don't even know if there's an account in the bank of that name. Anybody can get a sheaf of these checks." I don't know whether he was pulling anything on me, or how much he was pulling on me, but these were the kind of arguments that I was getting into with him constantly.

We had problems in those days when we had the table tax, in which they had to pay a fee based on the total number of games they were running. This wasn't too uncommon in the whole Lake Tahoe area, on Labor Day or on Fourth of July, particularly. On Labor Day, they'd try to run in some extra games on us. They'd just run 'em for the one night, and we'd get some rumor to the fact they were runnin' more games than they were licensed to run, so we used to go up and watch 'em, and check 'em. We particularly watched the Stateline Club on this. And while we never caught 'em in one, we saw a couple of occasions where they were getting ready to put one into play, and when they saw us turn up, they put a cover on it again—at least, that was the way it appeared to us.

But things of this nature, we were constantly getting embroiled [in], and it was Nick, not Eddie. Eddie got to the point where we could talk pretty freely, and he trusted me, I'm sure. And as I say, I never knew him to lie to me. Sometimes when I'd have things that I'd gotten wind of, and I'd ask him a direct question, he'd just look at me real straight for a minute and say, "Bob, I wouldn't lie to you. You know that. I'm not going to start now. So maybe I'd just better not answer that." [laughing] And that was the way I'd—. I'd find him quite frank. He, of course, operated in a very bad area, in the area of narcotics. It was rumored that one of the main things

they were afraid of was that he brought other narcotics addicts around, which I never was sure of. But I could see him start to go downhill. At first, it was just a suspicion, but pretty soon, you could definitely see that he was definitely getting worse. And, of course, as history shows, he was finally arrested and sentenced. I think they got him on narcotics. I'm sure they did. But anyway, he was sent to prison. And he was a sick man.

I'm not sure of how straight the story is, to the fact that his problem of narcotics may have been associated with his condition and his health and the claim that he was terribly injured in this automobile accident, but he was a sick man, a very, very sick man. He was let out of prison to go home to die. The doctors, I guess, knew that he was going to die. I think, by this time, he must have had cancer—I don't know. But they did. They let him out of prison, gave him a furlough, or something. But they knew that he was going to die. Because of his family, they let him out. I was living in Carson then, and the phone rang, and I answered the phone, and he said, "This is Eddie. I want to see you. Where can I meet you?"

And I said, "I'll come down to the office and meet you." It was on a Saturday, or something.

So I went down, and I scarcely recognized him. He was just almost a living skeleton. His mouth was dry. He kept saying, "I've got to go and wet my mouth," which, of course, I knew was a sign. He'd get so dry he couldn't talk. But he just basically wanted to come back and visit with me. He says, "It's my last trip, and I just wanted to visit with you, for old time's sake. And," he says, "I'm on my way home." I don't think he lasted two weeks after that.

But I—begrudgingly, even thought he was—. I may have remarked this before, but, you see, Eddie didn't pretend to be anything

that he wasn't. I could always admire him for it, and I always got along with him pretty good. And I got along with Bill Graham the same way. I can't remember whether I covered that before. Because Bill Graham had served a term in the penitentiary, he'd been an illegal gambler, and Bill Graham made no bones about the tact of what he'd been. He'd come in a different age, when gamblers didn't associate with the normal run of people, and with people in the higher rungs of society. They just stayed in their own sphere, in their own bailiwick, and they made money. And Bill Graham was this way. And for a long time, he wouldn't come near me 'til somebody had told him, "Well, why don't you go talk to him? He doesn't bite, and he talks to everybody." And I got to get a little of the same understanding with Bill Graham, because he just said, "I'm a gambler. I've never been anything else, and I don't pretend to be anything else. I've run stockades, red light districts, and bootleg joints, and illegal gambling, and legal gambling, and," he says, "that's all that I am." And Eddie was the same way.

Nick was very careful to let you know that he had stepped down in his station to get in gambling, but he was an astute businessman, and he made money at it. And yet, I probably had more rapport with Eddie. I trusted him [laughing] farther than I did Nick, although I never had any serious problem with Nick. He sold out. I can't remember who he sold to, but after Eddie died, or about the time Eddie died, Nick sold out. And then Nick got to gambling on the outside of the table, and I began to hear stories about him and his markers around town. And he became more what his brother was supposed to've been in the earlier days. He became an out and out gambler across the table, ran high markers, and gambled for high stakes, and one thing and another, and then

he disappeared. Maybe he went back to some of the family businesses.

Not over a year ago, I ran into somebody out of a clear sky that mentioned they were from Alameda. And I don't know how it came about. I mentioned Nick Sahati, and they gave me some word of him. I guess he's still down there.

The place [Stateline] was quite controversial, but I have always had the personal feeling that it was a better place than its public image, or its reputation, although that doesn't excuse 'em from everything. But it was a different era. Another gambler that we had ran a small place up the Road a ways, was a man by the name of Sol Terrano. And he had been sent to prison for running possibly both liquor and narcotics in the bootleg days. But it was a different era, a different time. When we inherited the gaming control business, Sol had a small bar. It was up there for many years. It was kind of separated, and a smaller place, rather a fringe place, but he was a good enough gamer that he made money on it. And he was another one—he'd served a term in the prison, he was grandfathered in, he had a license when we got there. And a lot of people like to make some snide remarks about Sol being a licensed gambler. But I think he was typical of the gamblers of his era. He came in, asked about the tax, and I told him at the end of the period he had to come in and pay. At that time, it was one percent on anything in excess of \$3,000. He came in (it was when we were in the old quonset huts on the state capital grounds) and brought a little date book. Typical of the gamblers in those days, they'd taken in and taken out, and he'd added up his days, and left it—some money for me, two or three hundred dollars, or some figure like that. And I said I didn't want to take money. He said, "Oh, well, it's noontime, and my accountant is over in the Employment

Security Department, and he keeps my books for me. If there's any questions, you can ask him."

After he left I started looking at the amount of money that he'd left, and he had left us ten percent instead of one percent. So I took it back the next day. I went over to the fellow that was accountant over in the Employment Security Department, was moonlighting and keeping books for him. And I said, "Poor Sol" I said, "He can't even count to the point he doesn't know the difference between one percent and ten percent, and we owe him a couple hundred dollars," or whatever it was. And Sol just kept sayin', "I can't—I don't know arithmetic." He said, "Go talk to my bookkeeper. I don't know these things. I didn't go to school." He says, "I'm lucky to be able to read. I can't figure out things like that." (I think I'd called him and told him what happened.)

It was so typical of him, as Dick said, his accountant. He said, "You know, he tells you that, and," he says, "he tells me the same thing. And he won't touch a figure, or anything else. But," he says, "if you ever watch him on a roulette table, counting the odds, splitting quarter pays, half pays that you and I would bog down on and couldn't figure," he says, "he can just figure right on the tip of his fingers like that. He can make mathematical calculations that you and I could never—!" So it just pointed up the attitude of the typical gambler of that era, who just was born into figuring odds, and he also knew when the odds were on his side or when they were against him. But if you asked him to work the simplest mathematical problem, even adding two and two, he'd tell you he didn't know how to do it.

Sol was around for awhile, and was a bit of a thorn in our side, although he seemed to be a fairly decent sort. His prison term came from the old bootlegging days when a lot of people

got into trouble, but his reputation made it a little difficult for us. But I think he only lasted a summer or two, and went on his way.

One of the oldest clubs at the Lake, and located right alongside of the old Stateline Club, was the old Nevada Club that was operated by a man, Clyde W. Beecher and his son. Beecher had been in the key business in Reno, and I think his place was in Douglas Alley, just off of Sierra Street, the alley that used to run through where Primm's club is now. He was in the key business for many years, and evidently had gone up to Lake Tahoe in the early days and bought this property, and ran the Nevada Club up there, and it was quite a successful club, and evidently made good money. It was a good operation. It was a typical casino operation, a casino, and nothing else. In those days, that's all there was up there. It was long before the era of anything fancier than just strictly a casino with games and slot machines.

Harvey Gross's Wagon Wheel developed in its present location, across the street. That property at one time had a church on it, and Ken Johnson and Harvey Gross bought the whole frontage that goes down [from] the Wagon Wheel, down the block to where the original Harrah's Club was operated. I think Harrah still has a slot machine arcade in there.

Harvey and Ken fell out for some reason, and decided to divide the property equally. And it seemed as though there'd been a mistake in the survey; and they measured what was thought to be half of the frontage from the corner line, I guess, of Ken Johnson's property, and then assumed that where they staked off that much frontage, that the rest of the property belonged to Harvey. It turned out there'd been a mistake in the survey. (I think George Malone's firm, the former U.S. senator, had made the survey.) There'd been a mistake in the survey, and there was more

frontage than was listed. So therefore, Harvey, who got what was left, had more than half of the property. And that was the cause of considerable trouble for some time. I don't remember whether the thing went to court, or to a hearing court, or whether it was settled out of court. But it was the cause, I think, of some disagreement between the two for some time.

Ken, I suppose, sold the property. I don't know whether he sold it to Harrah, who went in there afterwards, or whether there were some in-between owners, but it was the property that ultimately Harrah started on when he started his Lake operations.

There, of course, were some fringe places hanging around, as there always is in a center of that kind. Those places always gave us some trouble. There were bars that wanted to operate games, and slot machines, and, of course, being the type of operation it was, only a seasonal operation, it's a very bad setup for gaming. And around Labor Day was particularly bad, because they knew that they were about ready to be told up. Next year was another game, another ball game, and another license. This condition corrected itself in a short period of time, but we had several skirmishes up there.

I think Harvey Gross's license was either revoked or suspended on two different occasions. That was when it was a good deal smaller operation. And Harvey, of course, claimed no knowledge of it, as he was not a gaming man, himself, but a businessman. In the early days, [he] evidently didn't know how to protect himself against operations of this kind if he didn't have knowledge of it. One summer, I think we refused to renew the license, and the place was run by a man from Fallon, under a lease from Harvey. But as his place became more successful and the season went on, why, troubles of that kind ceased.

Down the road a ways, near the junction of the Kingsbury grade road, there was a place built, I believe, for a number of years. It was called Tahoe Village. And that was quite a deluxe supper club type, with entertainment, and floor shows, and so forth, more of the Las Vegas type, and was the first venture of that kind that I remember on that side of the Lake. And in those days, we thought that was the most gorgeous place we'd ever laid eyes on. It was quite well done, and was quite a showplace. The only problem with it was that it evidently didn't make money. It was too far away from the central area of the state line to exist on the crowds that were passing on the street and back and forth between places. In other words, most anybody that was coming there had to be headed for there.

There was a number of different operators that ran that one. One was a man that had been in the Bank Club in Reno by the name of Walter Parman. He was an old-timer, knew the gaming business. But he evidently didn't last too long in there. And then, Lou Walters (I have found out since that he is the father of Barbara Walters of the NBC "Today Show"), who still runs, I guess, if he's still alive, the Latin Quarter Club and Revue in New York and Miami, one of the foremost nightclubs in America at that time, well known, came in and decided he was going to take the place over and run it on the nightclub style. We had considerable difficulty with him on the license, as I remember, primarily on his financing. The first time that he came in, particularly, he had pulled the usual trick of waiting until the last minute to come in with his application before we'd had a chance to examine it very closely, and then, of course, maintaining if he didn't get his license immediately, why, he'd lost part of the season and it would be pointless, and that he'd invested a tremendous amount of money in there. We did, reluctantly, give him

the license the first time [at] the last minute, but we were never satisfied with his bankroll and his financing.

He had always been associated, in previous ventures, and been quite successful in them, with Marcus Loew, the theater magnate who operated Loew's state theaters, and was a very wealthy man, made his money on the theater business, had theaters all over the country. And evidently, Loew had financed him in many of his operations in the past, and been quite successful. But Loew didn't care to go with him on this one, and Lou Walters had to finance that on his own, put his brother-in-law (or nephew) in there to run it, whose (probably) main qualification to run the place was the fact that he was Lou Walters's brother-in-law. The place had a very sad existence for the brief summer season, and, I'm sure, ended up in debt, and didn't clean up all of its obligations to its suppliers. He came back and tried it the second year, and figured that he'd learned enough from the first year, and was determined he was going to make a go of it, but the second year wasn't much more successful than the first.

After that, it was operated by various people, but the place started to run down. And once it had run down, it began to look seamy and seedy because it was designed as a luxurious place. And once it was converted to a cheaper type of operation, it just didn't seem to fill the bill. A man by the name of Oliver Kahle operated it for a number of years up there. K-a-h-l-e, I think. His name is pronounced much like mine, and people confused it with mine. But he was also interested in the land around there. And I think, actually, a man by the name of Ben Jaffe, that owned the land the Tropicana is on, and had a lot of the land in Las Vegas, and was a wealthy insurance man, was the man who put up the money for the land and the operation.

But once it got out of the category of a very deluxe place, it, of course, was not enough of [an] attraction to attract people to make a special trip to come there. And, I guess, some eight or ten years ago, it finally succumbed to the bulldozer, was bulldozed down, and I'm sure there's been a business development across the street where it used to stand.

Stateline on the south side didn't start out as well known and as well developed as Kings Beach on the north side, and it had these early growing pains. But when it settled down and Harrah finally moved up there and started in the original location next to the Wagon Wheel, on the same side of the street, things started to change. Those of us that had been watching it for many years knew that that was what it needed, was an operator of this type. We were in hopes for many years that Harolds Club'd go up there. But an operator of this type, who had a good reputation, and who knew how to operate places, and that operated in other parts of the state, would make a go of it, and the area would start to build. And, of course, the Wagon Wheel expanded, and Harrah moved across the street, and then the way of the Sahara Tahoe farther down the street, and as soon as it became a yeararound operation, why, it was on its way and became the center that it is now.

Kings Beach, on the other state line area, on the other [north] side, was started in somewhat the same era. The Cal Neva Club, of course, operated in the '20s. There was a bootleg place, and was probably *the* deluxe place at Lake Tahoe to go to in those days. And, of course, in those days, it was operated by Bones Remmer, who was well known to the gambling fraternity, and this was in bootlegging days. It was operated as a speakeasy, much in the same manner of the Stateline Club on the other side. The speakeasy area and gaming area was downstairs, and one

had to be known to go down there; and the area upstairs was the dining room and the general public area. Of course, with the state line supposedly running right through the middle, it was very well known, and a very deluxe operation.

I was told of the operations in the early days, long before there was any legal gambling in Nevada. And one of the old-time cheaters in the business, who professed to know them all, told me he had worked there at one time, and assured me that the place was "as square as an orange." And I assume perhaps it was, in those days. Nobody expected anything different in the operations of that day and that time.

Bones didn't get along too well in legal gambling, although he operated the place for a while. And as soon as gaming controls started to come in, why, he moved out, although he had his troubles with the Internal Revenue later on, that occupied the headlines for some time. But he was typical of a breed of gamblers that either departed or changed their ways as legal gambling began to take a firmer hold and people began to expect more of it.

One of the first places on the highway up above Cal Neva was the Crystal Bay Lodge, I believe it was called, although it was mainly a restaurant, gaming and slot machine casino. But it was a place located on the highway and catered to the mass of people that wandered around that area, that Stateline area, and was a very successful place. It was operated by a man by the name of John Rayburn and two gaming people that had operated in the Donner Summit area. Rainbow Lodge, I believe, was the name of the place in the Donner Summit area, and it operated slot machines, and a bar and tavern there in the early days. I'm sure it operated as a speakeasy before Prohibition and after Prohibition. One of the men was Laborde, and I can't think of the other one.

They were both illegal gaming people from California that operated a long time illegally in California. But it was a fairly successful operation, attracted a lot of people, and operated on that basis. It was what's referred to in the trade now as a nickel-and-dime joint. It was operated on the mass play. And it never gave us any real problems. We had some of the usual disagreements over gaming control, and the extension of our control, but it was really a place that made money, had no real problem.

Between that place on Cal Neva, down on the entrance to Cal Neva, was a place called Cal Vada Lodge. It was operated by a number of different people. But it was a carryover from the speakeasy in illegal gaming days, always worried us considerably, and changed operators frequently, never was really a real success. A man by the name of Jobe Lewis operated there for a while with another old-timer by the name of Mack Barrett, who, for some reason that I can't remember right now, could never get a gaming license. I'm sure he was not a real "baddie," as the expression goes, but merely operated in illegal gambling and in the usual phases that surrounded it, and, I suppose, was a typical gambler from his day. I can't remember specifically why, but he never could get a license from the commission, but he constantly came back, and constantly came back with new applications and was getting turned down. And he always swore that he would eventually get a license, if, for no other reason than he was going to live longer than those fellows that were on the Tax Commission, and that sooner or later, they'd have to die, and somebody new would come on that didn't know him or remember him, and would give him a license. I don't believe he ever did get one, and I don't know whether he lived longer than the members of the commission or not. But he did, later, come down to Carson and worked down

there as a dealer. That was the last time that I remember him.

The hotel that was built across the street that's now run by Fitzgerald was originally put up by some Las Vegas people (Nola Hahn was one) who expected to make a Las Vegas type operation out of it. It was typical of a lot of things that were built in the early days. It was built fast, built as a hotel, as it is now. Right across from the Crystal Bay Club. Fitzgerald runs it. It's a big, high hotel. And it started out as, I think they had about ninety rooms, and they were going to have Las Vegas type floor shows. But it had the typical pains of opening, and of a place that had been built with fast planning, and was rushed to get open for the season. They had the usual problems of opening day. I can remember opening night, the Ritz Brothers were playing there, which was considered a pretty high-class act for those days in that part of the country, and the plumbing leaked, and water dripped on the stage, and all over the Ritz Brothers, and over some of the front row customers, and they finally had to interrupt the show to stop that. And I'm sure they had a power failure, and they had a little of everything that went with it. And then they had their problems with the Board of Health, because the sewage disposal was not adequate to handle the number of rooms they had, and they had a number of problems with that. And that was, until it was purchased and operated by Lincoln Fitzgerald from the Nevada Club in Reno, passed from one hand to another, but was, really, never a successful or money-making operation. Lincoln Fitzgerald knew how to operate a place of this kind, and had to finance his money to operate it. Since then, it evidently has been a successful operation.

The North Shore Club was opened by a number of people from southern California. Hume, a man by the name of Hume, was

one of the initial investors, and held it until, I believe, just the last couple of years and operated it. But it was operated for many, many years just as a seasonal place, as most of the others were. I think the Crystal Bay Club, or Ta Neva Ho, as it was called for awhile also, operated longer because it operated off of highway trade, but even its operation was closed solid in the wintertime.

Cal Neva passed to Sanford Adler, who was very well known in the earlier days, and had operated also in Las Vegas. He was one of the operators of the Falmingo in the early days. He was a southern California operator. A man by the name of Charlie Resnick was a gaming boss for him, a good gaming man, but they had their problems of operation. That was about the time when they were operating "Blackout Bingo" games to attract people and would make progressive prizes. They'd start with a low number, and then add to the prize each week. And, of course, [to] a person who knew gaming odds, the numbers that were drawn to start with were almost impossible odds, but as the numbers went on up, the prizes were increased, and they finally would increase them to fabulous prizes. They drew crowds of people, and this always concerned us a little, although it was a legal operation.

They still operate Blackout Bingo, but not quite on the basis that they did in the early days. I can remember the Cal Neva got a new Cadillac, and had it displayed out in the parking lot with a big sign, and then they had signs, posters, that were put up all over the neighborhood, advertising that this Cadillac would be given away on Labor Day, as the grand prize. And this had us a little suspicious, because Labor Day was the end. We were concerned that they might not give the prize after the operation was over, or they might put it on such an impossible group of numbers that it wouldn't be won. So we had queried

them on it, and they assured us they were going to draw. On the final day, if there wasn't a winner (I think they'd had the drawing on this Blackout Bingo game, probably, most of the summer) they would finally draw until there was a winner of the Cadillac. So, on this basis, we went along and tried to watch the operation, were still concerned with it, knowing the type of operations that were run in those days. I drove up there after Labor Day and noticed that the Cadillac was gone. And I can remember coming back and saying, "Well, I guess they gave the Cadillac away," although things were pretty well closed up by that time. Then I got a letter from a policeman in San Francisco that claimed that he played the game on this final day, and that, under the representation that the Cadillac was going to be given as the grand prize, but when he finally won his game, they had changed their mind and given a much smaller prize, five hundred dollars, or some figure like that, and had switched the prize on him, and he figured that he hadn't gotten a square deal on the thing.

So I started to run it down, and found out that this was true, that they changed their mind, and the crowd wasn't heavy enough, and they hadn't made enough off the game, so they just decided to change the prize. So they announced it before the drawing. They announced that the prize would be different. And I had an interview with one of the partners that was still there, Charlie Resnick, (Adler was gone) who said that they had drawn amongst themselves for the Cadillac. They decided that it was too good a prize to give away, so they drew amongst themselves for it, and Adler had won it. And so he'd taken the Cadillac and gone down to California with it. So I had an interview with the man, and told him that they had said that this Cadillac positively would be given away, and

that we would remember it, and we figured they hadn't kept their word, and for 'em to forget about a license next year. Of course, by the time they were gone, it was too late to do anything to 'em that year, because they'd folded up and left. But I warned him that we wouldn't license them again if this was the way that they operated.

I had known that there were these posters around, but I searched the area and couldn't find one. I knew I was getting closer to a deadline, and that unless I could find one as evidence, I was going to be in a bad way, because it was just going to be one person's word against the other. But I had told one of the deputy sheriffs in the area, a man who was located there, and lived up there the year around, about my problems, and he finally ran one down that he'd gotten out of a remote area somewhere that had been tacked to a tree. There was a picture of the Cadillac. It said, "This prize positively will be given away on Labor Day." So I just rolled it up and set it behind my desk, and when the man came in, we started to talk about it, and he told me, "You know, we didn't positively promise to give that Cadillac away." He said, "We did put it up as a grand prize, but," he said, "we just didn't get the play on the game, and we changed our mind. We had a perfect right to do that."

And so I said, "You say you didn't positively say that prize was to be given away?"

And he said, "Absolutely not." He said, "I'm just sure we didn't."

I just reached down and got the sign and unrolled it, and held it in front of him. And his cigar almost dropped out of his mouth, and he looked at it for—. Finally, he said, "By God, we *did*, didn't we?" [laughing] And he said "What do we do now?"

And I said, "You get the man a Cadillac. Give the man a Cadillac that he was supposed

to've won as his prize." And so he did. He went back, bought the Cadillac, and I wrote the man and told him that he was entitled to the Cadillac, and he got it.

But it was typical of operations in those days. The nearer they got to Labor Day, why, the more careless they got about their promises. Their main point was to get through the Labor Day season and get away, and the next season was something to worry about nine months later, or so. But, of course, with the advent of better roads, all-season roads, that situation changed, and it built up into the area as we know it today.

INVESTIGATIONS AND THREATS OF SPECIAL TAXATION

On the Kefauver committee coming to Nevada, I had no experience with the committee after it got here, or the hearing in Las Vegas that was conducted. I, of course, had opinions on it, fears, as many people did, when we knew they were coming to Nevada [November, 1950]. I had followed the doings of the Kefauver committee, as, of course, most Nevadans did, and I had definite feelings about it. And I felt about Kefauver and his committee—and I've never changed my mind—that they were opportunists to [an] extent. They may have believed in the things that they were doing, but there was no question in my mind, and it was proven by later events, that Kefauver was promoting his candidacy for president by being against sin and for motherhood; it was a popular issue, and that he was going to make a big name from it. I think from what we heard on radio and television in that day, that Senator Tobey, who I had a particular distaste for, as far as his conduct on the committee was concerned, may have believed, personally, in all of the evils of gaming, and sin, and all

of the things that they were investigating. I kinda felt that almost to the point that he was bigoted in his viewpoint. His questions were always designed to bring out the worst of any situation, and not necessarily fairly so, to bring 'em out in fair perspective. So I had— and I'm sure others did—some fears about them coming here, and what they might do if they exploited Nevada to the extent they had in many other areas, in trying to connect it with organized crime and all of the other things that were going on.

They wrote me a letter I knew would come, sooner or later, asking for permission to go through our files. And we had a lot of investigative files and had done a lot of work in these things, and this disturbed me, for a couple of reasons. It disturbed me personally because I felt that, following the history of the committee in other states (and there's no question it did a lot of good in many instances) that the tactics they used, the motives, when applied to Nevada, would undoubtedly be used to bring out sensational things and not to bring 'em out in the true perspective. And

secondly, because we were under the same law that's on the statute books today, and that was that we should not reveal in whole or in part any figures on gross revenue or income of the applicant unless ordered to do so by a court of competent jurisdiction.

I looked at the Kefauver law that they were operating under, and it was a very, very broad law, and gave them an immense amount of authority. I don't think any committee ever operated with more authority and more cooperation and a bigger stick than the Kefauver committee had by that time. And I think the senator utilized it well. But there was one provision in there that stated the committee should not, in any way affect or impose on state's rights, and that was a key part of the law. I don't remember how it was worded, but that was the effect of it, and, of course, coming from the United States Senate, and senators being, most of them, state's rights people, this was understandable.

So I took the letter that I got—if I remember correctly, I believe it was from Harold Robinson, who had previously been an investigator for the California Crime Commission, or may have been then, who was serving as an investigator in the western coast, anyway, for Kefauver. But anyway, I got this letter requesting the cooperation in making our files available to 'em. So I took the letter over to Alan Bible, who was attorney general at the time, and told him of my fear and my dilemma. And Alan, of course, spotted the one portion of the enabling act as to state's rights. I asked him what his legal opinion was on it, and as I remember, he said he just didn't know whether this was, legally, something that could be used. He said, "I don't think we should try to do it that way." Alan had his own approaches, which were well thought out, and very circumspect, always worked very well. And he said, "If I guess right, these

people are very sensitive in this area, and I don't think they'll do anything to affect state's rights. So," he says, "I think that there's no question that they're entitled to most any information they want. But," he says, "I think they've got to come and ask you, and tell you, what information they want." He says, "For instance, if they come in and tell us, 'Look, you licensed Joe Bloke in the gaming industry here, and we know you had an application and a file from him, and we want to see that file,'" he said, "I think you're going to have to give it to 'em. But," he said, "to allow them to go on a fishing expedition through your files, looking for things to develop," he said, "that's something else, and," he says, "I know it's a different magnitude and a different area, and I just don't know how that would stand up. But," he said, "I don't think we should let them do this. So," he said, "why don't you write them, and just put it up to them that way, and let them carry the ball from there." He says, "In other words, punt." And I can remember that very well; he said, "In other words, you punt, and see what they do with the ball after they catch it. So," he said, "you tell 'em just exactly about what you told me."

And I did. I wrote them, quoted the section of the law that I was operating under, and that we wanted to cooperate with 'em in every way. We didn't want to make ourselves vulnerable in any way to being accused to refusing to cooperate with 'em, but that this was a state law that I considered myself under, and that I would be glad to give them any information they specifically requested. But as to answering their request as to going through the files, I'd have to wait on that. I don't remember how I expressed it, but, in other words, under Alan's advice, I didn't indignantly turn it down, but I made it clear that I wasn't going to do it until I got an interpretation to this. I think I kinda

threw it back to them and told them that if they interpreted that, under their authority as a senatorial committee, that they could abrogate a state law, why, then I'd have to take that under consideration. Anyway, the letter was worded pretty much as Alan had suggested, and it must've been worded right, because I never heard from them again. I don't even remember that they answered it. I think the matter just dropped right there.

I did get a visit from a reporter by the name of Ted Link, from the *St. Louis Post-Dispatch*, who was a crime reporter for the *Post-Dispatch*. This was my first meeting with him, and I thought he was one of the sharpest reporters I ever knew. And he came and asked me a lot of questions about people operating in the state, and what we did, and I was quite frank with him. As I did with most newspapermen, I didn't try to hide anything, particularly, and discussed freely the people that he was interested in, and the various things that he was interested in. But I can remember I was tremendously impressed with how sharp he was. I could see him testing me by asking me a question—as a lawyer does—asking me a question phrased one way, then dropping it and going on for a while, and then throwin' it back real fast, phrased entirely different, but yet having the same connotation, to see if he could catch me off guard and that I was kidding him, and that I was withholding something from him. And I had to admire the way he did it. He did it so casually and so easily. I could detect it, but probably, because of the fact that I wasn't trying to withhold anything particularly from him, I could see him—. I kind of admired him for it. And I admired his background. He went all over the country with the Kefauver committee, reporting on them.

Like Frank McCulloch, the "hoods" were his job, and this was his business. Later, I got

quite well acquainted with him, and I used him a lot. I found his information and his reporter's notes much more valuable than crime commissions', or police departments', or anything else. I could get more—. And we had quite a nice friendship. I used to sometimes stop in St. Louis to see him, and trade stories, or get him to run down something for me, and he did an excellent job of it, and loved it. He exposed some deal years ago in the Democratic central committee that had something to do with a printer in St. Louis, and got quite an article in *Time* magazine for his exposure. He was a dedicated reporter, and I stayed with him for many, many years.

He had some problems in his own life. He got involved in an unfortunate incident with his son at his summer place, I think, on the Merrimack River, outside of St. Louis, and killed a man, claimed that he did it in self-defense, thought the man was threatening his son. But because of his reputation as a crime fighter, and everything else, he had quite a long fight over that. And I don't know whether I wrote him, and he wrote back, and said he had lots of enemies, and people were trying to make something out of it. I know he was acquitted in it, but how it affected his newspaper career, I don't know. The last I ever heard from him was possibly a couple of years ago. I didn't even know that he was still alive. I hadn't heard from him in about ten years. Showing his reporters's instinct, he clipped a little clipping out of the *Henderson* newspaper, where my wife was making some presentation on the gun law [laughing], and he recognized the name and wrote me, and attached his clipping, and said he hadn't heard from me for ten years or so, and wondered if I was any relative of this person. And I wrote back and told him I wasn't exactly a relative, but it was my wife. And that's the last I ever heard from him.

The Kefauver committee, itself, is, of course, a matter of history here in Vegas. They had Cliff Jones, and Bill Moore—. As I felt they might, I think they tried to make a little out of Bill Moore's being on the Tax Commission and also running the Last Frontier, but I'm quite sure that that didn't make any impression, and I'm quite sure that any innuendo was entirely wrong, because I always had a lot of respect for Bill Moore. Although I think it was inconceivable to anyone like the Kefauver people that a man could operate as Bill Moore did, and be a gambler and run a large gambling place, and still serve the state on the state gaming commission. It's something that history and most of us that were connected with it know was done and was well done.

Kefauver's later incident, I think, stemmed as a result of the Kefauver committee's reports and hearings, when he introduced a bill to tax gaming proceeds ten percent of the amount bet. And this, of course, was even more fantastic than the Matthews position. His original proposal was to put a ten percent tax on each bet made in the state. And this, of course, is just completely impossible. Anybody that knows the gaming business knows that it's impossible. For instance, craps, mathematically and numerically, carry on the line, carry odds in favor of the house of about between 1.3 and 1.4 percent. And if the house, by the law of averages, stands to make 1.3 percent, how can you impose a ten percent tax on 'em without changing the odds? And, of course, this is an old, old question. We'll get back into it again in the Lybrand report, and other discussions. You can't change the odds very well in the gaming business, on the gaming tables, because they're too long-standing, and they're operated in too many other places in the world. And it's just something that just can't be done. They can be

moved a little, but very little. But they couldn't see this. I don't know whether Kefauver could see it. But anyway, undoubtedly, had it been passed, [it] would've been the death knell of gaming.

The gaming operators retained Bill Cashill to represent the state group against this Kefauver petition. I can remember they had a meeting in Reno, which all of the gaming operators attended. I furnished some figures from the Tax Commission to Bill Cashill on it, trying to illustrate this point, among others, and how Nevada was economically dependent on gaming. And I can remember the people saying that that was the first time in the history of gaming that they ever got all of the gaming operators together under one roof, interested in going in the same direction, because they're notoriously independent and competitive people, sometimes not on speaking terms with each other. Although that isn't general, it quite often exists. They said this was the first time you ever united a common enemy.

Bill Cashill did an excellent job on that, of making a submission—maybe I can find it in my papers somewhere— showing how important it was to the economy of the state. I think it was headed, "Don't Destroy a State," or something of that nature, and again played on state's rights.

And, of course, they had almost an incomparable champion in Pat McCarran. I went back to Washington with Charlie Russell, and Bill Cashill, and Eddie Questa, who was president of the First National Bank of Nevada at the time. As Eddie said, he was willing to testify as to the importance of gaming to Nevada economy. And I think Eddie Questa was one of the first to publicly recognize that fact, as a banker, that Nevada's economy and gaming were very much intertwined, and that you just couldn't ignore

it. He began to recognize it, and I think he was one of the first to actually start loaning money to enterprises of this kind—at least, to a degree. And he, himself, said he was just going along for window dressing, and I went along for the same reason.

We appeared before some subcommittee—well, I have to take that back. This was a similar bill. This was *after* the Kefauver bill, this particular incident I'm reciting. [It] was a similar bill introduced by a New York senator (who was then a congressman) to tax gaming along the same lines as Kefauver. He became senator, and he was defeated by Kennedy. [Kenneth] Keating. Seating introduced a bill, and this is— was the incident I'm referring to. But Bill Cashill did go, went back on that thing, and Bill Cashill went back on the Kefauver incident. And it was all keyed to the importance of gaming to Nevada economy, "Don't Destroy a State," and they did an excellent job of it, of course, with McCarran's help.

I had been told by some of the gaming people that went back there (I think Sam Boyd was one of them) that McCarran actually got some of the senators in his office, and they had to get down on the floor and roll craps to illustrate their point, to convince them of the fact that this ten percent thing was nothing but destruction for Nevada, and that the senators couldn't get the point 'til they actually rolled craps on the floor in McCarran's office.

And of course, it's just a completely impossible theory. In my opinion, Kefauver was using it. This got close to his presidential campaign that time. [He] was using it to perpetuate the Kefauver committee's findings and the publicity that it got. And I don't believe that there was too vicious a fight in getting him to withdraw it. The interesting part about the thing is that they left the ten percent tax in, which has just recently been

changed, but was in effect and still is in effect, on the books, taxing bettors, the fifty-dollar a day betting stamp, or the fifty-dollar betting stamp, and off-track bettors, and race books and keno games. That was left in, and that was all that was left of the original Kefauver ten percent. My opinion of that is that that was thrown as a bone, probably by McCarran, whoever planned this— and I can't conceive of anybody but McCarran planning it—it was thrown as a bone to leave them some victory out of their original attempt. And, of course, race books, and keno, for that matter, are different type games, and while it's not desirable, could stand this kind of tax, because it can be passed on in the odds. It's a unique game, and so it was left. And I always thought that that ten percent tax that is still on the books was a bone that was thrown up as a result of this Kefauver incident—or, the Kefauver original tax bill.

I think, until just recently, within the last two or three years, Nevada operators were always paying this, bookies, or booking establishments, and keno places were paying this tax. The keno places paid it for a while, and then got out of it by another move of McCarran's, I think, in which—I think they used as a general definition the tact that any game in which the payoff was made immediately after the bet was placed would be considered a gambling game, and not susceptible to tax. So the keno places got out of the tax, although it looked, at first, as though they were going to have to pay it, and I think they did pay it for a little while. There was quite a campaign on that one.

And the keno places were forced to post a notice, saying that the payoffs had to be made immediately after each race was run, because the habit was, people—and, I think, probably still do, to a degree—would go in and play a standard ticket over a good many races, or

would play a ticket and leave and come back the next day and collect it. And they were forced to put up these signs to get out from under that tax. The bookies always paid it until, two or three years ago, there was an interpretation in the United States Supreme Court requiring—because they do this in states where it's illegal. They applied this tax. In other words, it gets back to the sane old IRS conception, that you've got to pay a tax on a transaction, whether it's legal or not. They're not concerned about the legality of it. And I think the crux of it was— from a layman's language and a layman's memory—that they ruled the tax unconstitutional because it forced an operator to testify against himself. Because by the purchase of a stamp, admitting that he was a bookie, he was admitting he was doing an illegal act, and this is a little different than the income tax reporting, which is more confidential, because this, he was required to purchase a stamp and declare himself as a bookie. And so then the government law was remodeled to some extent to get around this court decision. And since, then, also, [Senators] Bible and Cannon have gotten Nevada exempted from the payment of anything of this case, where it's a legal enterprise within the state. But basically, that was the history of it, and what I think was the reason for its development.

This one gets us into another area. It comes in my time in the [Nevada Resort] Association, but it's in logical sequence, and maybe we ought to cover it here, and that is, about four or five years ago, the director of Internal Revenue decided he was going to get people who won any money at gaming to file a Form 1099, reporting the winnings to the federal government. Now, of course, the same old argument exists, and the government recognizes the argument, but uses their power to make it stick in the Internal

Revenue law (and probably they have to, as a matter of administration) in which gaming winnings are taxable, but they're not offset against losses unless you can prove them. In other words, if the government—this is my interpretation; it may not be an exactly correct legal interpretation. But if the government could prove, as in a keno ticket—and this is where it came to a head—that a person won \$25,000 in a keno game—if the government has proof of that winning, the man might come back—and many of them do—and lose it all back within the taxable year, maybe five dollars at a time, maybe a hundred dollars at a time. Keno players are like race bettors, are characters with their own description. They're a complete, different type. And they might pay it all back. But the government, as it does in other fields of revenue, says, "Anything we can prove, you've got to pay on. You've got to prove your deductions," which, of course, left a pretty gaping hole.

I think the director recognized that there was no way in proving crap games, "Twenty-One" games, and things like this. Of course, it is so completely incongruous, because a person could cash in winnings, or what appeared to be winnings; he might cash in \$10,000, but he might've played \$20,000, or risked and invested that much to get it back. He's actually lost money; yet the transaction, itself [appears to be a win]. And I think they recognized that this wasn't possible, or practical, to prove these kind of winnings. But keno winnings, they can, because the person is paid off, and there are \$25,000 hits, \$12,500 hits, on down, into big pays. Now, the government, I think, requires anybody getting paid over six hundred dollars to report it on this Form 1099. Now, there are a lot of slot machine jackpots that pay \$1,250, and \$2,500, maybe—some of them \$5,000, and they're occasionally hit. I would say a seven hundred

and fifty-dollar, or \$1,250 jackpot, in a large place, happen quite frequently. And they were trying to make this taxable and require a Form 1099 from a gaming operator and anybody that won over six hundred dollars in his place of business on a slot machine, or a keno place, or a book.

This created a lot of distress. And, of course, on slot machines, winnings are even more ridiculous, because the person may play a slot machine all day, or for weeks, before they get a jackpot! And then to say if the jackpot is so much that automatically they've got to pay taxes on it. It has the other concern, that I have covered in another subject, also, of customers reporting their winnings, and they're just not very pleased at doing that. And if you had to require everybody to report a winning, it would definitely be a deterrent on business. There's just some people that wouldn't do it.

But this went a long route. The northern association people, with—well, Chuck Munson was in the gaming association then, and Les Kofoed was president of the association. It's changed since, and Les is now director of the gaming association. And I was just in the process of taking over the managing director's job here, although I worked in the association. We had meetings down here, and it was a similar meeting to the Kefauver threat. Everybody was concerned and upset over it. They had some reason to be. And this went a long way.

We finally went back to Washington and enlisted the aid of the two senators back there and our representative, and we went back for interviews obtained by our senators with the Internal Revenue commissioner and some of their key people, and we stayed back there a week. And there was some pretty high-priced legal talent associated along with it. Herb Jones went, primarily representing the

downtown people in the Las Vegas area, but actually was the only attorney from southern Nevada present; Mead Dixon, who's attorney for Harrah's Club; Jack Streeter, attorney for Harolds Club, was there. We hired a very high-priced attorney from San Francisco, a tax attorney, whose name escapes me right now (Val Brooks). He was quite a high-priced man, and very distinguished nationally, a practicing tax attorney. Herb Jones and Mead Dixon carried the ball most of the time in the hearings, and did an excellent job of it, much better than Val, in my opinion, and in the opinion, I think, of everybody there, not because they weren't as distinguished attorneys as this man, particularly in tax cases, with his long experience, but they knew the gaming business, and they knew Nevada. They were able to present, I think, a terrific difference between a person understanding the gaming business in Nevada and someone who didn't.

This was one of those threats, just like the Kefauver tax. It just could almost destroy keno games. We figured that the way they had the thing worded, that it would completely destroy keno. Nevada could survive that, but it's the same old story of the inroads: if they got slot machine jackpots; pretty soon, they'd start getting further and further into other winnings, and destroy your customers. So, this was the first time that we ever did it, but we took back there the so-called—you might call the giants of Nevada industry and business to testify for us, and testify, again, on the same theory that Bill Cashill initially developed, that if you destroy, or seriously hamper gaming, you're going to do the same thing to the economy of the state.

So we took back with us Del Webb, himself. We didn't get Howard Hughes, but we got Bob Maheu, who was his chief man at that time. Art Smith, as president of the First National

Bank, went back. We had other bankers from Nevada; I think Harley [E.] Harmon went back—I know he did—from Vegas; Elmer Johnson, the president of the Nevada Power Company; Neil Plath, president of the Sierra Pacific Power Company; Paul Garwood, as president of the telephone company, I think, at that time; Walt Geary, the president of the telephone company here. We gathered the most distinguished group of Nevada people to go back and testify as to the effect of gaming on the economy, and I think it was quite impressive.

The senators were very helpful to us. We got hearings before the commissioner of Internal Revenue and some of his key people. The attorneys did an excellent job, and I have to say what an excellent job was done by the gaming representatives that went back there. Now, in the old days, the instructions always were, “Keep the gamblers out of Washington. Don’t get these people back there to expose the industry. Let somebody else do the talking for them.” And, of course, that was the old theory of gaming. And we recognized in this case—and I say “we” [meaning] associations and groups working on it—that we had to break this a little. Warren Nelson went back from the Reno area as an old keno operator (he’d operated keno all his life), and Sam Boyd and Jackie Gaughan went back from the Las Vegas area. Sam Boyd, particularly, was very prominent in it. But these men are articulate men, direct men, and make an excellent impression on most anyone they would meet, as a good businessman, and as a good individual. I mean, they make a fine impression, not the impression that is usually carried by Washington people and others of what the Nevada gambler looks like, with the idea of the gambler attached to him. As I say, they’re articulate, they were sincere, and I was tremendously impressed

by the presentation that both of them made, and the straightforward way they handled it, and I could almost see the reaction on the people on the other side of the table listening to it. You could just almost see it sinking in, “Well, these people are no different than the other businessmen we meet. They walk on two legs, they pull on one pants leg after another.” Maybe I exaggerate a little because I may have been looking for it—but almost amazement, and it registering, “Why, they’re just no different than anybody else.”

Warren Nelson told them—I was very impressed by the presentation he made—he just said, “Gentlemen, I am a gambler. I’ve been a gambler all my life. I learned it in the mining fields of Montana, and I came to Reno,” and he traced his history, and what he’d done, and who he’d been associated with. He said he thinks he brought the keno game to Reno. He traced the history of it. (It was an old mining camp game, and it was originally Chinese lottery.) And he said, “I brought it to Reno.” And he showed them how to play it, he showed them what the odds were, he went into every detail, and he answered every question they asked him, just completely straightforward and honestly. And when they tried to trap him, or apparently try to trap him, with a question that might lead him into a white lie or a falsehood, he’d just come right directly out to ’em. For instance, I can remember them asking him a question about his payoff after the result of every game. And they said, “Do you conform with this?”

Well, of course, it’s pretty well known that—I guess it’s in varying degrees, but this has never been completely conformed to, making the people pay up immediately before another game started.

And he said, “Gentlemen, I wouldn’t lie to you. I wouldn’t tell you that I did, no, because,” he said, “I’m a businessman, and I protect my

clients. Now,” he said, “a man might be in the restaurant, he might be in the restroom. We page him. We try to get him in. But if the guy doesn’t show up, and he’s got a perfectly good reason for not showin’ up, yes, I do. I’ll be perfectly honest with you. I do.” And it made a tremendous impression on ’em, ’cause he didn’t try to lie his way out of it. If he had’ve, you could’ve seen what it’d done. They’d’ve said, “Oh, he’s lyin’ again.” But you see, he wouldn’t. They couldn’t trap him into it. And you could see the impression he made, and, I think, carried the case a long way.

Of course, there was a lot more to it after that. We had a certified public accountant there. We had most of the large operators there. Bill Harrah was there. We had one particular afternoon where we introduced all these people. Some of them made presentations. So we put the integrity of a state behind it, and it evidently had some effects.

Now, as I say, it wasn’t solved right there. We had two or three meetings—at least two meetings—later, one in the northern part of the state, and one in the southern part of the state. They sent one of their head men out here. The commissioner, himself, didn’t come, but he sent one of his top departmental men, I think the head of the auditing end of it. And he came here, and the people took him through the game, showed ’em the game, showed ’em how it operated. Les Kofoed did an excellent job on that, as president of the gaming association in Reno. Les is another very impressive person, and straightforward person. I’ve had many, many experiences with him since.

But as a result of working on this, they came with what is now in effect, and that is a sliding scale basis of reporting. And the key to that is, we found out that, for instance, they didn’t do this on a racetrack, in a race book, or on a parti-mutuel track. They didn’t

require them to report payouts. Now, we knew that—and this theory still is existent in Nevada, and nationally—we knew that the minute we could get the tracks involved in the thing, we had about another twelve or thirteen allies. Now, we had some powerful states, and powerful state senators were on our side. And while we didn’t want to deliberately involve them (and we didn’t), we did find out that no winnings on a racetrack were reported. There are many winnings of over six hundred dollars, because a person doesn’t have to bet two dollars, and many of ’em don’t. They’ve got fifty-, twenty-, five-dollar windows, tendollar windows, fifty-dollar windows, hundred-dollar windows, and so on. At a racetrack, sometimes, you’ll see people up there that buy five or six hundred-dollar tickets on a horse. And if that horse paid six to one, he’d get six hundred dollars on every hundred-dollar ticket, which is nothing unusual. They have these every day. But they didn’t require them to pay.

We proposed the question until we got what we thought was the reasoning behind it, and they finally admitted that racetracks had been exempt from this. Now, they didn’t admit that the racetracks were a lot tougher to tackle (when you had many states involved, many powerful states) than tackling one state, like Nevada. They said, “Well, a man that bets a hundred dollars could always bet fifty two-dollar tickets.” And two dollars is the unit of bet, and there isn’t—well, there may be. This, admittedly, is true. On a two-dollar ticket, theoretically, on a daily double, you could win over six hundred dollars. I don’t know whether they’ve ever had any payout that’s on a straight two-dollar ticket that paid six hundred, or some figure of this nature. But they were arguing on the unit of the bet, so therefore, racetracks were [exempt].

And we said, "Well, why can't this be done with Nevada?" And this was what was eventually worked out, that the payout was related to the standard sixty-cent keno ticket, because, here again, the same principle, "Well," we said, "the same principle can apply there. People pay fifty-dollar keno tickets, and it's nothing unusual for one of these \$25,000 winnings to be a thirty-dollar or a fifty-dollar ticket." They could gather the odds were a little different. But they could do the same thing: instead of playing a fifty-dollar ticket, they could play sixty-cent tickets 'til hell froze over, 'til they'd gotten [laughing] fifty dollars in tickets, so to speak, or almost a hundred tickets.

So we finally got the amount tied to the amount bet. And I think it starts with a sixty-cent [bet]. You can bet a thirty-cent unit in some of these places. Most tickets are sixty cents. But a sixty-cent ticket winning \$1,200 is reportable. A thirty-cent ticket, which is not usual, but is bet— or was at that time, at least—would win, theoretically, six hundred dollars, and that puts it within the [Form] 1099 limits. And it was based on a sliding scale. They dropped slot machines altogether. This is still in effect, although the director fumes once in a while that he's not getting enough reports on it.

This gets to be a very difficult area, and the director recognized it. I really think the places try to cooperate as much as they can in this. Now, they're not always responsible for some of their employees. Some of 'em are old-time gamblers who—nobody can sense a loophole quicker than a gambler can. A person can, [if] you ask him for his name, there's nothing to keep him from giving you a totally foreign name and address. Some of these know this, and say, "Try and find us."

The tax authorities, including the director here, recognized that, and they agreed that if the gaming operators would make a

reasonable effort to determine the correct name and address of an individual that had won the required amount of money, that he would consider they had done everything that they could.

We've heard some stories since, that people are quick to sense the vulnerability of it. They said if they would show a driver's license, or they'd show any kind of identification that would give them a reasonable assumption that that was the correct name, they'd accept it, and they wouldn't hold the operator in any collusion with them. I don't know that you can entirely rule out collusion to an extent of an individual employee. As I have just mentioned, the gamblers are quick to spot a loophole, but I'm sure the operators have made a reasonable effort to report it.

The sliding scale's a matter of record, but it's based on that theory. In other words, if a man pays sixty cents, he's not liable until he's, I think, won \$1,200, or over. And if a man paid six dollars, of course, he wouldn't have to report until he won \$6,000, or over, because of the same unit that they apply on the race books. We haven't had any recurrence on that other than a couple of mild cases, individual instances of where we thought maybe some employees went a little too far in helping a winner get around the report.

But it was a matter of serious concern for awhile because all of these threats, as I have indicated, the threats of the government going after customers, anything of this nature, is definitely a threat to gaming, being the unique business that it is. A lot of these things I don't think were recognized by people in Washington, and in other areas, until it's, actually, pretty plainly set out in front of 'em—I don't think it was evident to Kefauver, and Senator Tobey, and some of his people.

THE GAMING CONTROL BOARD, 1955-1958

During this period of time of growth and development, particularly in Las Vegas [before 1955], I think I have pointed out some of the problems that we encountered. And in the meantime, as these were developing, of course, the legislative session was strengthening the gaming laws for us as we began to see loopholes and see necessity for additional powers. Most of this era that I have been recounting was between 1950 and '55. The 1951 legislature actually made few changes in the law. We had not been too far into the administration to develop the need for many things we saw later. As a matter of record, the 1951 legislative session made some minor changes in the gaming law, increased the bond of new places operating to \$25,000, as we found that the old \$10,000 bond was insufficient, and made some changes in the horse racing act, which only indirectly affected us, as it became apparent that there were going to be some promotions for a racetrack. There was an interest on the part of many people, including the state Racing Commission, trying to develop a

racetrack in the state. So they strengthened the state Racing Commission law, gave the Tax Commission the duty of collecting the pari-mutuel tax. This was seldom used. I think we did have one racetrack promotion, rather ill-fated, in Las Vegas, but actually didn't develop as much as some of the people thought that it might.

In 1953, the action of the legislature gives some indication of the type of problems that we were running into and trying to get a little more handle on. For the first time, in the 1953 law, appears a declaration of intent which started with a statement that the state had to administer the gaming industry to protect the public health, safety, morals, good order, and general welfare of the state of Nevada. We were beginning to run into appeals from applicants who came in to the commission with their attorneys demanding more specific reasons for denial, more specific proof of any infractions. It was more and more treated as a court of law, and they were trying to develop a degree of proof to somewhat the same degree as would be developed in a court of law. So

we had to protect ourselves and the state by making some general declarations of this kind to give us grounds to refuse an applicant, just on the basis of his general background, and not anything specifically that he'd done.

Also, in that session, they tried to write in some of the specific prohibitions for a gaming license applicant, certain acts that would specifically deny him a license. They said that a gaming license could not be granted to a person who, in the last five years, was convicted of a crime—fraud, or larceny, buying or receiving stolen property, unlawful entry, narcotics, possession of firearms—various prohibitions, normal prohibitions in the law, or things that were defined in the law as a crime.

That stayed in for two years, but it was very, very difficult to administer. Because the gaming industry and the type of people that we were involved with, a lot of these things became a matter of degree, rather than a matter of fact. In other words, a person might have been convicted on a felony in the preceding five years, and not really be guilty of anything that should necessarily preclude him a license. He could be guilty of a technical violation of the law, or, say, be pleading self-defense; in some instances there are many circumstances surrounding all of these grounds that just couldn't be specifically applied. One of them came up, for instance, when a man might be convicted of an income tax violation. And yet, the circumstances surrounding it might not have indicated that it was really that bad, and a lot of very prominent people have had to defend their income tax returns. A man might be arrested for beating his wife, but that wouldn't necessarily reflect on the fact that he might not be able to operate a good gaming business.

I remember this question came up with Frank Sinatra, who first appeared for

an interest in the Sands Hotel. We went to a hearing. He came to a Tax Commission meeting and a hearing in which it was indicated that the commission was not at all sure whether they were going to license him or not. And the main grounds at that time on Sinatra—besides the fact some of 'em didn't like him—was the troubles that he was having with his wife, and some of the suits that he was having with his wife over alimony, and the troubles he was in with the federal government with his income tax. And really, there was nothing in those circumstances to indicate that he was a bad man that shouldn't have a gaming license. Probably there was a lot of people, licensed people, that had their differences with the federal government over income tax, and differences with their wives, and might have a conviction.

So we found this very difficult to [administer] properly. It pointed up very clearly that you just can't write legal phrases into the law that just define, in black and white, what the qualification for a licensee should be. It just isn't that clear. It really gets to be a matter of judgment and a matter of how the regulating board weighs the incidents. These things did last because they were put in there; they did last for a two-year period. But we had a lot of difficulty with them at times, trying to equitably apply them as a matter of administration.

Of course, about this period, we were getting applications from a lot of very questionable people. And we were able to keep a lot of them out, people who had been associated with the rackets, or the Mob, so to speak, and who, of course, were beginning to look to Nevada, and Las Vegas, particularly, as an ideal place to operate. We had many, many a joust over some of these applications. Some of them, we knocked out; some of them we were not so successful in knocking out in

the face of defense by a skilled lawyer. But basically, we were able to, I believe, keep the most undesirable people out. We knew pretty well who they were, and we went through a very trying period for a few years, but eventually, they got tired of trying to become licensed and turned their interests elsewhere.

Of course, we also had the problem—and that can always exist to a certain extent, but it was particularly pointed at that time—that some of them were working in these places. We'd deny 'em a license, and they'd continue to work there. Of course, we could suspicion that they might have an undisclosed interest in it. The matter of undisclosed interest is still a matter of concern, and it's still something that can't be defined in black and white. We did get down to trying to delineate between the qualifications of a licensee and the qualifications of somebody that works, just as a working man, or a working dealer, for that licensee. We found it very difficult to extend authority much below the level of ownership. We really couldn't determine who was qualified to work for an owner, nor were we in a position to go to an owner and demand that he fire somebody just because we didn't happen to think that they were proper people.

In those early days, we did follow the same general procedure that we followed in other areas where we didn't have enough specific authority. If the licensee hired someone that we had had some experience with, and knew, for instance, had been involved in a cheating operation, or something like that, we would go to the owner and tell him. Invariably, the first question that he'd ask right back is, "Do you want me to fire him?"

Well, we knew what would come of that. As a matter of fact, it sometimes came, anyway. The man would go immediately to the guy and fire him, and say, "The Tax Commission told me to fire you," and immediately get himself

off the hook and us right into the middle of it, have an angry man bearing down on us, saying, "What right have you got to deny me a right to work?"

So we didn't use this, but we would go to the owner and tell him, "Well, now, all we can tell you is, this is our experience with the man, and we want you to know about it, because if a similar experience develops while he works for you, we don't want you to be in the position of saying you didn't know. We told you."

The upshot of it quite often was he would go to the person and fire him, and then tell him, anyway, "The Tax Commission said to fire you," and then I'd have to fight back and say, "No, we didn't." It was very doubtful as to whether we could just specifically go to an owner and say, "Fire that man," unless we had him completely convicted of some wrongdoing.

Most of our punitive action under the law was a matter of— [and] still, today, [it is] a part of the picture— the main discipline that a regulating board has over the licensee [is] they have a power to take his license away. But sometimes, those are the wrong people; we sometimes found licensees who didn't know of the wrongdoing of their employees, who were doing it on their own, or for different reasons. Yet, to punish the licensee for the action of his employee is—it becomes difficult to administer. There's no question that you have to hold him, the licensee, responsible, to a degree, [for] the action of his employees, but it was a very difficult thing to administer equitably, and still obtain the results that we wanted to obtain with it.

By 1955, it became apparent that the system that we were working, with the Tax Commission, was not as satisfactory as it should be. We, in the administrative office, myself as secretary, Bill Gallagher

as supervisor of the gaming division, and all the rest of the people that were working in that division, were working on a day-to-day basis on these things, and in the position of coming to the commission with recommendations, either to refuse a license, or to revoke a license (both of which, of course, would be very controversial and immediately involve us with matter of proof, and defending it with attorneys, and so forth, and approving the things that we brought before the commission). We found that we were being put in a very difficult position; that the first thing that was being done was, they were trying to reverse the procedure and put us on trial. And quite often, they would start a counterattack on our people, and try to discredit us before we could get to the point of coming up with the recommendations as to the action.

The Tax Commission was a body of fine men. They were outstanding citizens, and I think, probably, as I've said many times, were the finest group of men, individually, that I've ever been exposed to in public or private business. But they were not sophisticated in the gaming business. They were, we felt, inclined to be a little too gullible at times in their judgment. They didn't understand the people of [the] industry; they didn't understand the type of people who we had to work with. By this time, they were trying to meet about once a month. Some of the members of the legislature felt that possibly they were not strict enough in their application. It was too easy for an attorney to switch the positions and to discredit what was being brought up enough to create a doubt, and they'd resolve the doubt in favor of the applicant, which is the human thing to do. I can understand that. Where basically, I believed (and many of us that were associated with it felt) that the doubt should be resolved

in the favor of the state, in doing this, you sometimes created some injustices. And I think that's proper. I think this came out; I can remember Governor Sawyer brought that out very plainly. But it became apparent that the people who were exposed to it on a day-to-day basis should be more involved in making decisions, rather than merely coming up and recommending to a commission of this type.

So—this was in the 1955 legislature—when they wrote the gaming control act, which, for the first time, was a rewriting of all of the various provisions that had been stuck into the law from session to session, rewriting them into one act and into one perspective, it was actually a recodification of the existing laws, and some changes were made. But it was, for the first time, a complete act in itself, going into phases that had never been gone into before.

Newt Crumley was very interested in this, as he was senator from Elko County, and had operated some very fine places in Elko County, and had been exposed to the industry from the time he was a small boy, because his father operated all his life in this phase. He operated the Commercial Hotel, and later on, the Ranchinn. So Newt was very knowledgeable in the gaming business, yet was not a gambler, as such. He was a businessman. He'd been in the Air Force. He was a graduate of the University of Nevada. But he didn't have the background of the usual gaming applicant of that time. He'd been in the senate before, and his opinions carried more authority because he really knew what he was talking about. He knew what the problems were, [and] he'd talk to these people. So he had become interested in getting a better control on this thing, and was convinced that we had to make some changes in the application of the administration, as it reflected the governing body.

By this time, the legislature had given the commission the right to designate an attorney for the commission that was not connected with the attorney general's office. There were some personal reasons for this at the time. They felt that the Tax Commission could operate more objectively if they had the services of an attorney they could call on at any time out of private practice, to advise and counsel and draw up anything that they requested him to do. E. Frandsen Loomis was hired as the first attorney for the commission, and spent a lot of time, and was paid on a contract basis. We hired him as private counsel. He spent a lot of time in writing this act, and, also, the regulations which followed as a result of the act.

By this time, we knew, for instance, as I discussed before, there were just a lot of things that couldn't be put in black and white in the law. It had to go in rules and regulations of a governing body. And this was the thrust of this act. It set up a Gaming Control Board, composed of three persons. The qualifications were general, particularly specified that one of the members could be the secretary of the Tax Commission (which, of course, was my title at the time, and was created with that idea in mind, that I would continue on the gaming board, with the background that I had of the problems that would constantly come up in gaming), and the other two were supposed to be the best qualified men available in the fields of law, accounting, the professions of this sort. They weren't limited to any one profession, but it was made clear they were supposed to be qualified people.

The idea was that this would be a full-time working board that worked from day to day with these problems and had some authority to resolve before they ever were presented to the Tax Commission. As a matter of fact, one of the provisions in it was not recognized at

the time and didn't come out until later, but it was done intentionally, for the very reason I dwelt on just a little while ago, and that is that it provided for the gaming board to hold the hearings for licensees, and to give them a certificate of eligibility which was to be taken to the commission. When they got this certificate of eligibility, then they went to the Tax Commission to ask for approval of their license. If the gaming board refused to issue a certificate of eligibility and denied the license, the matter died right there. They were not allowed to appeal it to the Tax Commission. And this was really, at the time, one of the areas we were trying to cover, because, as I say, we just felt these men were too human, some of 'em, and sometimes were just not exposed to it enough to recognize the circumstances. So this didn't come out until later. It was a little bit of a shock when it did. In other words, as one legislator put it, "The state of Nevada is never going to be hurt if the gaming board says *no*. If the gaming board says *no*, the Tax Commission can't say *yes* to the wrong person, and the Tax Commission should be in a position of saying *no*." So the thing was more resolved in the favor of the people being able to say *no* [rather] than to say *yes*.

Of course, when you get down to individual cases, this sometimes gets a little hard to apply. It's pretty hard to convince a licensee that he hasn't been damaged when he's quite sure in his own mind he's entitled to one. But the doubts were to be resolved in favor of the state.

They provided at that time a salary of \$15,000 a year, which, in 1955, as far as state services, was a fabulous salary. The legislature and the group involved wanted to make it clear that money was no object. They were willing to pay money to qualified people. And the more they paid them, they thought, the more apt they were to get qualified people. If

my memory serves me correctly, \$10,000 a year was the highest salary to any state officer. It wasn't much over that, if there were any over it. And I don't believe the supreme court justices were getting \$15,000 at that time. So it was considered a fabulous salary. Actually, as time went on, we found it wasn't quite as fabulous as we thought.

But, of course, there was a very careful provision put in there, that if my salary, as secretary of the Tax Commission was \$10,000 a year, it was very carefully put in there that if I served in dual capacities, that I could only draw the one salary. And naturally, I drew the salary of \$15,000 as chairman of the gaming board. The state gained \$10,000 by the transaction in the time that I acted in this dual capacity.

By this time, I had had the affairs of the Tax Commission, the administrative affairs of the commission, down to a point where they were pretty well delegated, and it didn't require as much of my time. In fact, I gave practically all of my time to the gaming end of it. But I was available for general administrative policy decisions, and I could keep my finger on the operation because I'd grown up with it. I started in the Tax Commission when there was only three or four people in it, and grew up with it from there, so it wasn't difficult for me to follow it.

The next question got to be, "Who can we get for this job?" I'd gone over with Governor Russell the requirements of the job, who might be available, and we generally resolved that it probably should be in two fields. We should get somebody in the accounting field, preferably a CPA, because the auditing and the tax returns on this thing were very much an accounting problem, and becoming more so all the time, and were one of the specific requirements. And the other one should be a law enforcement man, with lots of experience

in law enforcement, and one that had had experience with law outside of the state of Nevada because most of our applicants came from outside of the state of Nevada. So we generally resolved on this as the basic goal, but we began to find out, when we started looking for somebody, that \$15,000 in those days was a lot of money, but it wasn't enough money to go to a man who had attained a stature in the field, ask him to give up his profession or his job for a job that, very obviously, was a four-year job at best. I mean, it was subject to political appointment. It was quite difficult. The people that you could find that would come for \$15,000 were not \$15,000-a-year men, so to speak. They were men who would like to make \$15,000, and who might be on their way up, but who were making considerable less.

I went around—in fact, made a trip to Washington, New York, and all around, looking for the law enforcement man. I went to the ex-FBI society in New York, I went to the congressional delegation in Washington, and I went to people that I knew in both Washington and New York in the field, and we, of course, corresponded with people that we'd worked with during this time. It wasn't easy to find a man who was loose at the time and with the supreme qualifications we wanted. Or where we would find one, to ask him to pull up stakes, move to Nevada. Generally, the answer to the first question resolved the issue when they said, "Well, what job protection do I have? Is this a political job?"

And I had to say, "Well, it hasn't been administered politically in the usual sense of the word, but it is subject to political appointment. And when the governor changes, of course, it's a possibility." So I didn't get much response from the type of people that I wanted to get and that Governor Russell wanted. (I was really bird-dogging for him.)

I had approached Newell Hancock from the accounting side of the picture because I knew he was a CPA, and I knew he was more knowledgeable than most CPAs in the gaming business, 'cause he'd worked for us, and he'd done considerable work in keeping gaming clients, and working for gaming clients for Semenza and Kottinger. I knew Newell from the time he was in Sparks (I was raised in the same town), remembered him from the time he went to school there, and I knew he was the type of person we needed, particularly for this first go-around, because the test was going to come in the first go-around with this commission, that we were going to be immediately tested as to how effective we would be. And Newell wasn't really interested. I could tell he listened, and finally, he said, "No, I just can't. I would have to give up my practice, and I'd get out of the CPA field, and I haven't been in it that long." He was still working, and I think may have had a small interest in the firm, but basically, was still working as a working accountant for Semenza and Kottinger.

So I made a couple of other thrusts and then forgot about that temporarily, while I went around looking for a law enforcement man, or an ex-FBI man, or somebody that'd had this experience. I interviewed two or three people, but not the type that I felt we wanted or really needed, and I came back to tell Governor Russell of the futility of my trip.

About that time—I can't remember the exact sequence of it—but about that time, Newell called me, and said, "I've been thinking about what you told me, and I might like to exercise a rain check." I believe when I talked to him the first time, he said, "Well, I might take a rain check for a little while and think it over." And he says, "I might change my mind." He said, "Do you think that the governor would be interested in me changing my mind?"

I said, "I don't know any reason why you shouldn't." Governor Russell knew who I was interviewing, and I'd gone over the various people that we had talked to.

He said, "Well, I've got to be perfectly honest with you. I think maybe I would come for a while and help you get this started. I wouldn't promise you that I could stay too long, or even a full term, because I don't know that I can stay out of the accounting business that long. But if you still want me, I will come and help you get this board started." And, of course, we were elated at this because we thought he was a very fine prospect.

About the same time, I got a call from one of the people in a Washington office, one of the senators. I believe it was Chet Smith, who had been in Nevada. He said, "We've been talking over this situation, and at the time, we didn't have any suggestions for you. But we've just come up with a man we thought would be excellent, and we think that he's free at the time—right now." And incidentally, Johnny Laxalt was back there, working in Senator Bible's office. He was getting his law degree and going to law school. Johnny had known this person, and said, "We just think he'd be an excellent man. And he is an ex-FBI man. He's a very intelligent individual. I think he's just what you're looking for, and he's just footloose enough, you might be able to get him. And that's a man by the name of [William V.] Bill Sinnott."

Governor Russell had talked to one of them about it, and it appeared that we had a real good prospect. So he said, "Why don't we get him out here, and let's interview him." And so I called him, a total stranger, and told him who I was and what we'd like to talk to him about. And we agreed to pay his expenses out here for an interview.

And so Bill came out. We were very impressed with him. He, of course, had not

been exposed to the legal gaming business as it was operating in Nevada, and, of course, knew this. We knew he was a very intelligent man, and would quickly grasp the situation, and really, we shouldn't have that much of a problem here. I think Bill would be the first one today to admit, as I know he has done on many occasions, how he became injected into this thing, and how unprepared he was for legal gambling as it exists, the gaming business. I can remember one of the first questions he asked me. He came, I think, on a Saturday, and I said something about taking him around the country and showing him. (Of course, he had five children, so he had to move out here.) We knew we had to convince him that Nevada was a pretty good place to live, and that there were some nice people out here. So I had a selling job. And I had said something about taking him around to some of these places, or something, the next day. And he said, "Oh, are these places open on the Sabbath?" [laughing]

And I says, "Yes. I'm afraid they're open twenty-four hours a day, the Sabbath, as well as any other day," which was a pretty fair indication of Bill's sophistication in that particular sense of it.

He has chided me many times since, because I took him around to beautiful homes in Reno. We were blessed with good weather. I took him up, of course, to Lake Tahoe, said what a beautiful place it was, and I exhibited to him all the charms of Nevada. And he has told me many times I didn't bother to take him down to the mid-desert, or to the south, or expose him to the sand storms, and all of the other things. All I showed him was this gorgeous, beautiful area of the Truckee River, and the valleys, and Lake Tahoe, and all of the beautiful things. Evidently, we did a pretty good selling job with him, 'cause he agreed

to come out, move his family out here, and take the job.

He arrived with five small children and his wife, and a lot of their personal possessions, and a dog, in a station wagon, and no place to live. It became apparent very quickly that with five children and a dog, they couldn't stay in a motel. So—so typical of that marvelous person that Charlie Russell is—Charlie took him into the mansion, with five kids of his own, and a couple of dogs, and all of 'em lived at the mansion for the first couple of weeks, while Bill was out hunting for a house. We've kidded both of 'em about it since and they admitted that they were both used to kids, and that, really, ten kids around were not quite double the trouble that five were, once you became used to five kids. I imagine they had quite a hectic time. But this was so typical of Charlie Russell, who was one of the grandest persons I've ever known, and generous and friendly and genuine.

He got us off of that problem by taking Bill and his family to the mansion, and then Bill had to go up to Lake Tahoe and rent a place for a short time until he could get some place to stay.

I tell this because it fits into another important incident—I think important to the state of Nevada because of the people involved. It fits into an important incident that comes a little later. It's a little hard to put this into sequence, but this is the way that it came about.

So now we had our Gaming Control Board—a certified public accountant whose qualifications nobody could question; and Bill Sinnott, who had earned a lot of his accolades that came to him later, but still had the qualifications that we were looking for, an ex-FBI man, and a man of experience, and a man of integrity. So we had a very good start on this gaming board.

I'll cover this in the history of the Tax Commission, itself. Now Paul McDermott was serving as a commissioner from Las Vegas, from the Clark County area, and was a very fine commissioner. He and I had many, many problems in the early days, but had worked them out. [He] is a man who I consider today probably one of my best friends, if not the best friend that I have in this world. And I've had very marvelous associations with him ever since. Paul is a fiery person, and has some very definite ideas, and sometimes our ideas didn't always coincide. And we used to fight them out quite vigorously. The thing that always amazed some of the members of the commission was that we would get into some violent arguments and some pretty heavy fights over something that we didn't agree on at all—I'm sure we got to the point where we were screaming at each other—but then when the meeting was over, we'd put our arm around each other and go over and have a drink and start to laugh and kid each other because we each knew we were entitled to our own opinions, and we understood each other and liked each other. Our differences of opinions didn't affect our personal relationship, and that's true to this day.

But anyway, Paul was representing the Las Vegas area. He felt very strongly that Las Vegas was being overlooked. And this was the general feeling down here in Las Vegas at this time. It still exists—I mean, the same questions are still up, the same matters between the north and the south, so to speak. But Las Vegas was beginning to come into its own; it did have the bulk of the gaming business, and most of the problems, and yet, the state was still being run as it always had been run, from the northern part of the state and the cow counties. The legislature was this way, and Clark County felt it was being shortchanged. Particularly, in the position

that I was placed in afterwards, I agreed with 'em then—I mean, I could see their point then, and I certainly agree with them now.

Paul made an issue of the tact that one member of the Gaming Control Board should live in Las Vegas. And certainly, this was probably a reasonable request. And Paul is the type of person, when he makes an issue, he doesn't set it down and forget about it. He kept insisting that one member should live in Las Vegas, know what the problems are in Las Vegas, and be a part of the Las Vegas community. I never, I haven't been able to convince him to this day, of the manner of circumstance that dictated it the way it happened, in that Bill Sinnott had been sold on Lake Tahoe, and Carson City, and Reno, and that beautiful area up there, and had been hired with the understanding that he was going to make his home in Carson City. He loved Carson. Carson City's a very attractive town, and was even more so then than it is now. And Governor Russell just couldn't reverse his position after Bill had been hired, and say, "Now, you've got to move down to Las Vegas," because, I'm sure, from the opinions that Bill had on places staying open on the Sabbath, that he probably had some opinions as to what this "sin city" was like down in Las Vegas, also. This is a problem Las Vegas had always fought and is still fighting. Newell had been raised in the north, and owned his home and lived there, admitted he wasn't going to serve for a long period of time, and it was just unthinkable. We couldn't even ask him to move down.

So that about ended that discussion. Governor Russell just couldn't do it. Paul resigned from the Tax Commission with that as his issue, and it was a good issue. I've never been able to convince him, as I said, to this day, as to the position we were in, and why it couldn't be done. Paul doesn't

accept those kind of things, anyway, as an answer. If he thinks it's right, why, that's the way it's going to be. And so we still fight about it occasionally, almost twenty years later, because of the matter of circumstance. We did lose a very fine commissioner when we lost Paul McDermott, but once he decided that he'd made up his mind, why, that was the way that it went. It was an unfortunate incident, because we really needed him. He was a strength on the Gaming Control Board, as he was in many other areas of government that he's gone into later. You might not always agree with him, but he was a strong person.

As we organized the first Gaming Control Board, things began to work out quite rapidly and smoothly. Newell set up an accounting and auditing division. Up to this time, I had operated, really, with one qualified auditor, and it was very difficult to get professional people into the business. Newell was able to do this. One of the first persons he hired was Dave Malcolm, who stayed in that position on the gaming board until a year or two ago. Dave was a CPA, also, but, by circumstance, was available for a job of this kind. He hired a couple more young men who are still around. One of 'ems s still works for the gaming board, and one is still in the business— I mean, as a certified public accountant, now. It created a very capable auditing staff, and we started, for the first time, to get the start of a good auditing program. You never have staff enough; you're never able to do all the audits you want to do, but we certainly got a good start on it. Bill (Sinnott) had good connections in other parts of the country, and he had experience in business. He was a fine, capable person and adjusted rapidly. And we achieved a very good balance on the board. I had the advantage of years of experience in this particular problem, but was not a specialist in any particular field. Newell and Bill were specialists in their fields.

We had a very good working relationship, and we handled a lot of knotty problems as best we could, and worked better together as time went on.

Newell didn't stay too long with the board, as he had told me. I can't remember how long he stayed with us, between one and two years, I imagine, and then finally told us that he had to get back into the accounting practice. He couldn't get away from it. But by this time, he'd gained a lot of information on things that he'd never been exposed to in the gaming business, which, I'm sure, made him a much better auditor and accountant in this field. And, of course, he's still a practicing partner in one of the large CPA firms, and shows the results of—not only in his overall ability and experience, but his experience in the gaming business. It was a very, very pleasant association that I can look back on with a lot of pleasure. I can't remember of any real unpleasantness, or incidents, or anything, coming up between us at that time.

After Newell left, we appointed Bill Gallagher as a member of the board, and Bill moved down to Las Vegas, somewhat in answer to Paul's contention of a couple of years previous. Bill had worked with me from the beginning on this, we had a fine working relationship, and was a very excellent man on the board. He had a personal ability, a knack, to understand people; he had a sense of humor that carried him over difficult spots, and he had a dedication to the job that was developed from long years of service. I think Bill suffered for a while. In fact, I used to have discussions with him about it. He was so good in the job that he was in that he probably was overlooked for better positions simply because you couldn't figure out how to replace him where he was. (This is not an uncommon situation. It was the way I got on the Tax Commission. I replaced George Allard.) But I did think

at the time, personally—I was a very close, personal friend of Bill’s— I did think maybe he would’ve been better staying in the position he was in. But he was completely interested in the business, and he was tied into it so closely that he just wanted to carry it as far as he could, and he certainly did an excellent job.

And other than that, the composition of the Gaming Control Board didn’t change from the time that I was on it, until the next major change in the law in 1959.

Now, when we first went into this business it was new to us, it was new to the public, it was new to the operators. It was an entirely new concept—a regulated industry, as tightly regulated as the gaming industry was even in those days, as compared with other industries or businesses, and these concepts had to gradually develop. I think I’ve covered in another spot the initial licensing by the Tax Commission, what great furor it created, just the idea of a person having to wait for a meeting of the commission to get a license. The old theory in those early days, particularly in early days of legalized gambling and illegal gambling, the theory of caveat emptor prevailed, that the person was supposed to protect themselves, and it wasn’t a duty of the regulatory authorities. Then, as we gradually got into it, of course, we had to overcome opposition little by little to taking any authority at all. Of course, the authority that any regulatory board has over gaming is somewhat exaggerated, and always has been, and is yet, even though it has grown much tighter as the years go on, because while gambling is a privileged industry, it’s still got to have some rights, once you recognize it as a legal, licensed business. And you just can’t—or we didn’t think, in the beginning—this change had to come about gradually. You just can’t regulate every phase of their business. And we started out with the concept that

our main job was to see that the customer was protected by coming into a place that was properly operated. We tried to protect the public by keeping out known hoodlums, although that concept is developing a little in reverse, to the concept of the way it’s developing into regulating the business affairs of gaming (I’ll touch on that in a minute). But this, we envisioned as our main job, so that people could feel that when they came to gamble in Nevada, they got a fair shake for their money. And I think, essentially, they did. We had more troubles in the early days, but it began to be accepted. We thought this was about the limitation of our authority, and I thought that was as it should be. Actually, beyond that, they should be treated as any other businessman. It’s a legal business, and when it comes to regulating who they hire, or who they fire, whether their employees are union or nonunion, their creditors should have the same responsibility that they have with anybody else they issue credit to. But, of course, when it becomes publicized and well known that it’s a regulated industry, the regulatory body immediately becomes the target for everybody that wants to get in on the act, as Jimmy Durante used to say, and use the fact that they are a tightly regulated industry to their own advantage.

So we began to develop the concept, for instance, when we ran through the problems down here of places going broke, that we should protect the creditors. Creditors come to us and say, “Well, now, this place can’t pay its bills. You should—as a regulatory body—be able to go in there and make ‘em pay their bills.” Well, how could you do these things? (Even though this pressure is still on today.)

I used to tell some of ‘em that come in, “Well, what do you do with anybody else that doesn’t pay their bills?”

“Well, we cut ‘em off.”

“Well, why don’t you cut these people off?” Particularly, liquor suppliers were very noticeable in this.

“Well, we can’t, ’cause we lost our brands. Our competitor won’t cut ’em off, and uh—.” Of course, liquor suppliers many times have gone to the legislature one time, and got it through, where their credit was regulated, for that reason. They can’t control it themselves, but they want a regulatory body to control it.

Then we’d have union people coming to us, telling us that their union people that were in there were not getting paid. The culinary [union] for instance were in there, and they’d say, “Now, they’re skippin’ a payroll.”

Well, I used to say, “Well, maybe if you file a complaint with ’em, and we can prove that the people are in jeopardy here—.” But is it our business to look after the people that go to work in here and don’t get paid? I doubt that. We don’t in any other business. If a restaurant opens, and it doesn’t get enough business, and doesn’t pay its help, why, its help quits. And they go to the labor commissioner like anybody else does. But the pressure was constantly being put on more and more, and, as I say, when we went through this period of so many places going broke, we had an awful time. If they were a large employer—and that happened down here during that era more than it ever has before or since—then you’re up against the proposition of, “What are you going to do, put six hundred people out of work?” And these pressures began to work on you. The most that I could get out of a lot of these people in the early days that were puttin’ pressure on us [was] they wanted us to see that they got paid, but they didn’t want us to close ’em down, because that put people out of work, it was bad for the economy, and they wanted us to figure out some other way of making ’em pay their bills.

One time, we worked out a policy along this line of protecting employees that’s had quite a varying history—I mean it’s had its ups and downs—when a new place went into business, of making ’em put up a deposit, a bond, guaranteeing the payment of their employees. Bill Gallagher came up with that, suggested it to me. He was, then, not on the board, but was working for us down here, running the office down here for us, and it looked to me like it made sense. So we applied that for a while. And, of course, that didn’t do any good with the places that had already opened and were operating, but we finally put in a policy that we would take a look at the exposure, and make them put up a deposit, a bond, that was conditioned upon them paying their employees. And we used it for a while. And I can remember one man from down here, quite a well-known man at the time, ran for the legislature, and he was very wounded, and ran some articles in the paper accusing me of stealing his idea, and that this was *his* idea, and that it was a marvelous idea of protecting the public and the people, and that I had beaten him to the publicity and stolen it on him, and he was very wounded and used this as a part of his legislative campaign. Now, I don’t know whether Bill Gallagher got the idea from him, or (as can quite easily happen—it was a fairly logical idea) both got the same idea about the same time. But this guy never, as long as he lived— he’s dead now—I don’t think ever believed that but what I had run across his idea and stolen it on him, and he wanted the people to know.

I think the gaming board today uses it. It’s had its ups and downs. Of course, it gets back to the same thing, that the gaming board regulatory authorities are human beings. And it’s a question of judgment, and it’s a question of exposure. One attorney—and I’ve never forgotten it—one time asked me, when I

came up with the theory the guy couldn't operate, saying, "Well, who are you? Are you God, or somebody? Can you know things that other human beings don't know?" That's a little exaggerated, but it's true. Regulatory authorities, no matter how good they are, or how dedicated they are, still, it's a question of judgment. And it just gets down to the same old business, of the old saying, "You can't legislate brains and morals."

We got pressures in many other directions, pressures that I've recounted, and I think it still happens. I sit, right now, and watch the gaming commission get pressures of this kind, and I can see them react just exactly as we reacted. Attorneys, or others, coming in, and they get into a lawsuit, and they want the license help up until that suit is determined, using—whatever side they were on, using the license as a wedge to gain a settlement.

At the time that Tony Cornero was building the Stardust, we got a lot of pressure. The fact that the Stardust was using so many bricklayers, they were using all the bricklayers in town, and they were trying to build schools, and they couldn't get bricklayers to build schools, so they came to us and to Charlie Russell to tell the bricklayers they couldn't build Tony Cornero's Stardust, they had to build schools for public good. You can see their point of view, naturally. It was a disconcerting thing. But, again, was this the power of a regulatory authority, regulating gambling, to regulate something like this for public good? Now, you're beginning to stretch the original theory.

The pressures still go on, more and more pressures of this type, and I'm sure that, today, they regulate many more phases of the industry than we did in the time I was there. Now, credit policies are under scrutiny. And while it hasn't completely jelled yet, I know that there is a feeling that the extension of

credit is something that affects the operation of a gaming place. Of course, it affects the tax that's paid. The state, more and more, as the tax went up, felt that they have a stake in it—if a man loses \$100,000 in credit that's granted, and is a charge-off against his operation; the state loses the five and a half percent gross tax on it. The regulation of junkets, they are working on that. The corporate structure has broadened our regulation, and this is something the gaming authorities today are struggling with, and it's an extension of the same principle. How do you control stockholders, and a publicly-held corporation that issues stock on a stock exchange? Do you have a restricted clause in their stock, on each certificate of stock that's sold? They're struggling with that, and I don't think they've gone quite that far yet, because a lot of brokers just won't accept that, saying, "Look, this license is running a legal gambling place, it's subject to being canceled, and it's subject to the proper people operating it." Well, now, the business has developed this far, when you get down into this kind of thing, where does the reputation or character of a stockholder have to do with the business?

So now, you're beginning to get to this other extension of the theory that I went through all the phases of in the early days, and it was first expressed to me, I believe, by Roger Foley when he was attorney general. (I have a tremendous respect for Roger; he helped us try many cases in the tax field, and the gaming field, also.) And the same theory that I developed early in [licensing] slot machines, for instance, we started the concept that's still held today, as to a restricted and nonrestricted gaming license, in that a person who operates only slot machines should not be subject to the same scrutiny as a person who is operating a crap game and a "Twenty-One" game. As I always used to say—and I think it graphically

describes it—a slot machine is a mechanical instrument that operates mechanically, can be inspected, and is going to react the same, regardless of who owns it. The slot machine doesn't know the difference between Al Capone and a bishop at the church. So why do we go through all of this rigamarole—and it is, to a degree—of investigating some guy that wants to operate five or ten slot machines and nothing else, and saying, “Well, you're a bad man, your reputation isn't good; therefore, you can't operate this thing.” He may be operating a grocery store, or a bar, or any of the other things. So we developed this theory of a restricted and an unrestricted license.

Well, then how far do you carry the restricted license restricted to slot machines only? When does the character of the man operating it begin to affect it? You've got people that operate one, five, or ten slot machines as an adjunct to another business. You may have people that operate two hundred machines in a slot machine arcade. Then you start facing the question, “Well, when does it become important that you have to go into their background?” I think, now they fix twenty or twenty-five machines as the limit, and we always fixed something of that nature. But really, it's kind of theorizing, and there's a point where, for good order, you have to develop certain rules. But really, I think, basically that's the only reason they're developed. It hasn't any other practical meaning.

Now, as I started to say, Roger Foley first advanced this theory to me, carrying this theory over into who operated a gaming place, and who operates these games. And Roger says, “You know, I'm beginning to believe” (this was while he was still attorney general) “that we put too much emphasis on who the guy is, what his motives are coming here, what his past has been, and we ought to kind

of forget that and pay more attention to how they operate after they get here.”

Now, of course, it was important in this era that I've described, when we had practically every hoodlum in the country tryin' to get a foothold in here, and, it was just that we didn't want them to become the controlling interest of the gaming business as a whole, and Las Vegas, particularly, and to get that much of a foothold. I never questioned that the public might not get just as good a break from a place being operated by those people, because they, knowing their reputation, would be more careful than ever to operate a good place. And they're smart enough to know that they'd probably make more money operating a good place than a bad one. We've had carryovers of these kind of people who were grandfathered into the business, who always operated excellent gaming places.

I've thought about Roger's remark, and I agreed with him many times. And maybe this is true. We're kinda kidding ourselves as to all of this rigamarole. It does many injustices. You get down, again, to the “Eleventh Commandment,” as it's sometimes described; it's an old con artist's phrase, [and] it is more important than all the other ten, and, of course, that's, “Don't get caught.” So one guy gets caught, and he immediately becomes a criminal. Maybe he was just hanging around the place and was caught for an illegal gaming arrest. Or maybe he was a real bad man. But how do you know?

Now, the corporate entity has accentuated this problem. I remember very well we went through two legislative periods with the corporate gaming acts (I'm getting, now, to my role in the resort association phase, but it overlaps here), of discussing this point, “All right, now, maybe it isn't as important as we think any longer. These people operate many legitimate businesses, and sometimes it's

fairly well known. The stigma doesn't carry that far." Of course, I don't think Nevada gambling, still, can stand the stigma of too many operators of this type, simply by the innuendo that's thrown by out-of-state, a suspicion that still exists.

I remember in one hearing that we had on it, when Paul Laxalt was governor; I think it was a hearing of the senate, and they were discussing this very thing. Some attorneys were arguing, "All right, TWA, for instance—" (It's become famous since, for other reasons associated with other gaming operators in the state.) "Here's a nationwide operator. It operates a nationwide airline business, and United is the same way. These companies are beginning to build hotels, and they're beginning to build things of this nature." At one time—I don't know that it was TWA or not, but one of 'em was negotiating for the purchase of one of these hotels here, 'cause, again, this is the old process we learned in economics in college, of integration. The airlines are beginning to recognize that resort places provided customers for 'em, or maybe if they owned places, they were integrating, and building up a conglomerate, as the modern phrase is for it, probably.

"But supposing TWA came in here and got a corporate gaming license. If you make that assumption, are you interested in the sale of TWA stock on the market? And if a ticket seller in Miami, Florida, buys some stock in TWA, are you interested in him, as a part owner of a business?"

And Governor Laxalt remarked, "No, we're not interested in the ordinary ticket seller. But if that ticket seller was Meyer Lansky, we would be very interested."

Well, supposing Meyer Lansky does hold stock in some company that's licensed in Nevada? Of course, they've got their rules. Five percent of the stock is considered an

interest large enough to be licensed, and if it's under that, it's up to the discretion of the board. In absence of evidence, why, they don't require a license for anybody having less than that. But stocks are held by brokers, they're held by estates, they're held in trust, they're held by banks as trustees. The development of the gaming business has got so wide in its interests that, more and more, it seems to me you start getting back to Roger Foley's original theory, that the best control is the way they operate after they're here. And the fact that some insidious person might own some stock in 'em, or might even have an interest in 'em as an investment, doesn't necessarily mean that it's bad for the public, or bad for the state, as long as the interest doesn't creep to a point where it begins to affect it. So maybe the way they operate after they get here is more important. So the question of how far you go in this business, I'm sure, is still being debated today, as it was in our time.

Another question that's going to be very important to the gaming industry is this regulation of credit. There has been a contest going on for a long time between the Internal Revenue Bureau, particularly, and other government agencies, wanting to find out more about the activities of customers in the state so that they can tie it into either income tax evasion or other activities it may be interested in outside of the state. And this gets down to the point I may have referred to occasionally, that we have to accept legal gaming for what it is. And at best, it has its seamy sides. It preys on the weakness of human nature. It has aspects about it that are not good, and none of us are really terrifically proud of.

Many people who come here and go broke—it's the weak people who spend money that they shouldn't spend, or spend embezzled money, or anything of this nature.

And also, people who come to Reno and Las Vegas, Lake Tahoe, it's a resort area, and they come here to play. And there's an awful lot of 'em that don't want their private lives, while they're here, poked into. We found, in many ways, and even small ways, many of the people, large and small, come here and they don't want their wife, or their parents, or other people to know how much they've lost in the gaming business, or what they've done while they're here. Now, this goes all the way up from presidents of corporations, and U.S. senators and representatives, and on down.

And the credit card list is the most valuable list that any place has, because it's their customer list. It's a record of the credit that they have granted, and when the time comes that those lists are exposed and made available to government agencies, such as the FBI or the IRS, who are going to use them to prosecute people on evidence that they've gained, it means that the place loses a valuable customer. And this has been the struggle that's gone on a long time. This case was tried, in the Desert Inn, years ago, when the government tried to seize the credit card records, and it happened not too long ago in the Stardust, when they swooped in and grabbed 'em and made photostats of them.

It's more important to gaming today than it was in my day, because, at that time, they [gamblers] didn't have any other place to go. If they wanted the things that Las Vegas, or Reno, or Lake Tahoe offered, and gaming along with all of the other things, they had to come here. But they don't any more. It's amazing, the number of places outside the united States that are competing for the gaming dollar. For another purpose, I have just recently gathered some brochures from some of 'em. I had a travel agency in one of the places here collect brochures. It's amazing, the number of places there are, that have

gaming casinos—in the Bermudas, in Aruba, in Curacao, in Greece, Yugoslavia, in London, and in Ireland, just a few that come to [mind] and not just a place here and there, but lot of places, competing for the business.

So it becomes a sensitive issue, and the struggle is still going on. I know that some gaming authorities still hold the idea that, "Well, these credits have to be exposed to us because we're partners. We have a five and a half percent interest in this thing." But if you expose records of this kind, I don't know what'd happen to the gaming business. Because of the nature of its business, it just can't stand exposure. Now, whether we like that, or whether we don't, it's a fact of life we have to accept. And many people fear— and the government knows, particularly the IRS knows—that this is a—they'd love to get into these records and really shred through them.

Now, at the point the credit becomes a charge-off, and is charged off as an uncollectible account, then it becomes available to all authorities, because in order to charge it off, they have to verify it. And then, as many places say, "If they go that far and they cheat us out of our money, or won't pay it, we don't care if they're exposed or not." But there are thousands of people that come to these major areas who have credit, and who have current credit, and they're not about to leave a record behind them, that they had \$10,000 in credit extended to 'em while they were here. They may have probably paid it back. And those're the kind of records that, if the government starts prying too far in it—

You have a group of people in the government that have the idea that *everything* in gaming is bad. I just recently heard a reference to one of the government agencies, making the remark that, "Every casino in Las Vegas is operated by hoodlums." I wonder if they think that the Hughes organization,

and the Del Webb organization, and places of this kind are paying tribute to hoodlums. It's ridiculous! It's just something that is completely ridiculous, the idea that Sandy Smith (a Chicago reporter) once developed, that all of this gaming was to go back into the coffers of the hoodlums who were extracting a tribute. This is a ridiculous conception. Yet, there are people that believe it. There are people who believe anything of this nature.

Another thing that we have to remember is that gaming in foreign areas is not regulated to the extent that it is here (I'm speaking, now, of getting into regulation of credit), but yet, our places have to compete with them. So there's— it's a delicate balance that has to be tried there, and you can't go overboard on it.

Another thing which reminded me, in Ed Reid's *Green Felt Jungle*, was the statement the gaming board didn't do anything about integrating places here, and the places in Las Vegas not allowing colored people in here. Of course, we didn't, because, again, that followed the concept we weren't any different than the rest of the businesses in America at that time. Segregation was an accepted fact of life. We didn't see why we should go into it as a matter of gaming regulation. I still, personally, can't really see the connection. If discrimination is bad, it's bad for other reasons than those that can be associated with gaming. Whether it's a gaming place, or whether it's another kind of place, it should be subject (in my personal belief)—it should be subject to scrutiny. But should it be scrutinized by gaming authorities? Should gaming be the only business in which it's vulnerable to the extent in which they can go in and say, "Look, you're discriminating. Therefore, you can't have a license"? Now, if another business is discriminating, they've got to use different tactics. But because they're gaming industries, should they be subject to this kind of regulation? I didn't think so

then. I don't know what my opinion would be now, if I were in the same position, because it's more accepted. But I didn't think, then, it was our business to go into these places, and we wouldn't've gotten to first base with it, anyway. As I say, it was an accepted fact of life in America.

But people thought that we should go in and tell 'em, "Don't discriminate." We should go in and tell 'em, "Don't use bricklayers until they're through building the schools. We should go in and tell 'em, "If you don't pay your creditors, we'll take your license away from you." Well, you still can't do that, because a creditor is under the same responsibility as he is in any other business. He's got laws to protect him, but not gaming laws. Yet there are people that think that that should be done because it's a gaming place. And this is more sensitive today, in a way, because it's developed farther than it was in my day, because the places today are bigger, and they are competitive, and they operate in many, many fields that are interlocking, and it isn't just a gaming place any more. It's a luxury hotel that operates an entertainment [business]—golf, tennis, a place to relax, and a resort area. So it's a big business. And to say that a place with a \$50,000,000 investment, because it has a gaming casino, *this* regulates the whole place! I mean, it's part of the whole. So it's a constant struggle. How far is it—between private enterprise and a totally government-operated place—and both have their evils. So it's probably still as much of a problem as it's ever been.

Another aspect of this thing, and which I have some strong personal feelings on, and I know we're getting into the area, possibly, of protection of morals of people. I've often said, and I still say, that I would be much happier if Nevada hadn't had to depend on legal gaming. I think if we could be an agricultural state,

or an industrial state, or I know we'd have our problems. But I wished it could've been different, not because I think gamblers are bad per se. I've known so many of them that are fine people, and you don't appreciate 'em 'til you do know 'em. But it points the finger at Nevada as the—and all the innuendo that goes with it. And so you've got to put on your colored glasses and tint it with the idea that you accept legal gaming, as such, and you have to accept some of the evils that go with it.

Exposure is one of the problems, because a person is constantly exposed to gaming. If they have a weakness in this respect, it's played on. And I can remember arguing with people outside of the state, guys like Jim Hamilton, and Virgil Peterson, and John Hansen, ex-FBI people, police operators, and arguing with them about the morals of gambling, and how they defend a state that operates a racetrack. Do they kid themselves to think people go there to just see the ponies run? They're goin' there to bet. And they argued exposure back with me, and they said, "Yes, it is gaming. We're not going to argue with you on a moral basis. But at least, they have to go to a track and spend money to get in. They've got to get the afternoon off, and it's not like of track betting, where they can stop in, or, with a phone number, call up, and make a bet. The people who are the weakest are the people who have this constant exposure, and we just don't believe in exposin' 'em. We think there is a difference here."

Now, we get into a problem of the exposure of slot machines. And personally, I feel quite strongly on this, even though nothing has been done about it, and in my opinion, probably nothing ever will be done about it. Slot machines have crept into grocery stores, into drugstores. I don't know whether we have 'em any longer, but we did have 'em in some beauty parlors, a barber

shop. Service stations occasionally used to have 'em. I don't know whether they have 'em any more. But let's take the drugstores, the gift shops—the old saying used to be, "The slot machines paid the rent." So somebody got in and put some slot machines in a place, and it paid rent. The ministerial group, for a long time, has fought this. They fought it in the legislature. Cliff Young, Senator Young, has carried their battle a couple of times, and I've respected him immensely for it, because, while I couldn't get into the act, so to speak, representing the gaming industry, I felt very strongly. And I believe that Cliff did it out of personal conviction, also. But it's a hopeless case, trying to keep gaming in places that are gaming places, and not having them dangled out in front of housewives spending grocery money, and immediately available to them everywhere that they turned.

And anyone can look and see the evils of it. Yet, the gaming industry, as such—the gamblers, as they're referred to when they try to lobby—can't oppose anything of this kind, because if they did, they put themselves in the position of trying to create a monopoly. And they don't feel that strongly about it. The normal gaming operator doesn't go into the morals of it as I do because he just doesn't think that way. Some of them may, of course. But if they take any kind of a stand, trying to do this, they'd immediately be accused of self-interest and trying to keep the business for themselves. And this, of course, is an appealing argument. They throw at you, "Well, the big guys can gamble, but the poor little guy can't."

Just recently, one of these supermarkets down here, some figures got out into a vicious lawsuit between parties as to the profits that were attributed in this thing. I can't believe them, and I don't know how accurate they are. But they reflect a terrifically different profit picture, because gaming is a matter of

traffic, and it's a matter of having the play and the customers. Now, the gaming place has to spend money to attract people to come in there. They have entertainment, they try to have specials and various things to bring them there. They are operating in a particularly high rent area, and they're highly competitive, but it costs them a lot of money to get people in there to play their slot machines. A grocery store or supermarket, as such, is capitalizing on the traffic it already has. So they spend no money to get [customers] in there, and what they get is clear. I think some of 'em are really getting some fantactic profits out of the thing, and the public is beginning to squirm at this.

They get back to the old [Joseph E.] Matthews theory. (Maybe I should discourse on Matthews first; the old Matthews theory I'll get into later.)

I'd have to recite my experience with Joe Matthews, which was very limited, as far as a personal experience was concerned. It started when I was (Clark) county administrator. A reporter by the name of Joe McLain, who I've known for a long time, was a very fine reporter, a good reporter, wanted to introduce a man by the name of Joe Matthews to me. I think Matthews at that time was living with McLain, and I believe he came here broke, with a scheme to eventually support him, and lived with Joe. And Joe was very strong for him, believed in him; and I respected then, as I do now, Joe's motives, but not always his judgment.

Joe brought this fellow in and introduced him to me, and he told me briefly what he wanted. He wanted a record of the slot machine profits in McCarran Airport. And, as I told him, this was a public record. The concession in McCarran Airport is leased (at that time, it was to Lauri Sales Company, who was running the gift shop). It was a public lease, and it was based, as all of these slot

machine concessions are, upon a percentage of the output of the machine, the gross generated by the machine. And the county at that time had a very excellent deal, and I think, since, has gotten even a better deal. But as I remember, at that time, they had sixty-two and a half percent of the amount produced by the machine after license fees were paid, which were the only direct expenses of operation, whereas the normal slot machine operators' percentage was, and still is, fifty percent. And, of course, the machines produced a lot of money, and this is all a part of county revenue. This is public record.

So I told him that it was public record, and I didn't have much choice, I'd have to give it to him. I did question him a little as to what he wanted to use it for, and he told me that he was working on an idea that gaming was not taxed enough, and that the taxes should be increased on it, and he wanted to know this because he knew it was one place that was a public record. Now, in every other place, gaming is protected by the law, and it's a misdemeanor to reveal the income of any individual, as it is in the sales tax law, or income tax law, or many others. But in this case, it was a public record because, by simple mathematics, you knew what the sixty-two and a half percent amounted to, because it showed in every county monthly financial report. And it was easy to compute from that how much the slot machines at McCarran Airport were producing.

So I discussed this portion of it with him. I said, "Now, Mr. Matthews, do you understand these machines at McCarran Airport are not ordinary slot machines?" In other words, they're in a very busy, twenty-four-hour-a-day airport that runs thousands of people through it a day. It has an immense amount of traffic. The machines are much tighter than the average machine, because they're on

a payoff of a much lower percentage, on the same old theory (and I think I've discussed it before), that it is a captive trade, the same as a bus station, but it is limited as to the time they have there. People have maybe fifteen minutes, or half an hour, and they're going to be gone, whereas in the average gaming emporium, they can stay all night and play. And the gambler knows that that's in his favor. And this gets back to the point I've just previously covered about slot machines in grocery stores or drugstores. Those machines, their percentages are much tighter. They're tighter machines than those that are operating in a place where the operator knows they're going to continue to play, probably, until they've spent the amount of money that they've intended to spend. There are winners, of course. They have to send out winners in order to get players, as the old saying goes. But nevertheless, they can run much looser machines in a [gambling house]. But you get into an area of this kind, why, then, they are limited, and the machines were notoriously tight.

I explained this to him, and he very disarmingly said, "Mr. Cahill, of course I know this. I understand this. But," he says, "I need these figures, because they are probably the only place where I can get any figures at all, public figures. But," he says, "I recognize the limitations on these figures." He was a very personable man.

Well, when his famous initiative petition came out, and his reports to the people that he was trying to incite into increasing these gaming taxes fantastically, he used, as his basic theory, the average net amount that was produced by each machine in McCarran Airport. At that time, it was \$8,000 per machine per year. And then he took the 22,000 or more machines in Nevada and multiplied them by that \$8,000 figure to use as an assumption—Or, as a proven fact as to

what the gaming industry was making on slot machine operation.

That was a completely fallacious premise, and he knew it, because they were not comparable. These machines were returning, oh, two or three times as much as the many thousands of machines that were in the gaming places, and slot machine arcades, and huge casinos, because they were much more liberal machines and didn't retain as much. In fact, there was some investigation went into that, and there was just no question that the percentage played on the slot machines at McCarran Airport was just immensely more than the average slot machine of the state. But he built his premise entirely from that, and then dumped this conception of the fantastic profits the gaming industry was making.

So then he went from there. Interested people all over the state, some very good people—PTA presidents, school people. Bob Baskin, one of my most revered personal friends, was one of his early supporters, because of his own personal experience. He operated a downtown restaurant that was in competition with gaming places that could sell meals much cheaper than he could. (This was, incidentally, another area that we were approached on in gaming [control].)

I'll divert briefly to a subject I just handled on regulation. We actually were approached by restaurant operators trying to see us on the idea that the gaming places should not be allowed to operate a restaurant because they were in business for gaming profits, and that they used restaurants merely to bring the trade in. And we actually were, by some very good people (I think they were an association in Reno), actually pushed us, and wanted us to not allow gaming places to operate restaurants in competition with other people.

Well, this was Bob's personal experience, of course, and he felt that—in comparison

with his own profits—which may have been true—that gaming places were making much more profit than he was, even off the sale of food.

To get back to the gaming tax, it meets my definition of the perfect tax, and that's, of course, the tax that the other guy pays. And the average people, and the good people, and the school business, and everything else, that are anxious to get every dollar they can into revenue, they know that they need far more money than they've got, and the gaming industry's a legitimate target for 'em, because that doesn't, ostensibly, come out of the pocket of the taxpayers, particularly. It comes out of this great, soulless gaming industry. That isn't true, and I'll cover that, maybe, in another section—I mean, it's got a lot more ramifications than that. But people are very vulnerable to this argument, and this Matthews petition proved it.

Of course, his petition wanted to increase the tax on gaming, percentagewise, to a fantastic amount. He wanted to tax slot machines that returned over \$100,000 a year, thirty percent of their gross revenue. This is fantastic, and just completely an impossible figure. He wanted to tax other gaming fifteen percent of its gross revenue. And that's three times the current percentage rate, which is high—I mean, as a gross tax. And in the case of slot machine revenues, was—of course, their places are in a little different category—I'd say that was up to twenty or twenty-five times as much as the additional percent tax.

That theory, of course, in the Lybrand report, was, in one place, for instance, was exploded, but nevertheless, it was something that people wanted to believe. I think, probably, the school people in their desperate search for revenue were more vulnerable to this argument than possibly any other class, because they wanted very much to believe

that that kind of revenue was possible out of the gaming business, and they visualized what they could do with all of the money that they could get out of it.

And Matthews played on this. I had no other real personal experiences with him, but I did do some investigating on my own. I had access to investigation and correspondence of his, and statements of his, that I was able to put together. We also traced his background. And basically, in my opinion, he was an opportunist, and he was telling people, as I've stressed before, something they wanted to hear, and he was driving at a very vulnerable point in gaming taxation, and it still exists. It's been utilized on a number of occasions, but never to the extent that he used it—and that is the *initiative petition method* of taxation. I don't know whether the place to cover it is here, or in discussion of taxation. Maybe it belongs in both places. But this has a number of weaknesses and fallacies to it.

Taxes to the voting public are emotional. They're not subject to logic. They're based on emotion. And again, to go back to my definition of the perfect tax, the person is perfectly willing to place a tax on somebody else, because they see the good that can come from the revenue when it's diverted to public use, and if they don't have to pay it, why, that makes it a good tax.

Now, the legislature has, since, and is still working with the idea of limiting this [method] to some degree. If you put on the ballot—California has found this out in a number of cases—if you put on the ballot that you shall (as happened in the city of Las Vegas) you shall raise firemen's salaries, or policemen's salaries, or schoolteachers' salaries, they're relatively easy to pass, unless they're connected with the tax that has to be paid. The penalty that has to be paid when you're going to spend money, you've got to

tax somebody to raise it. And the gaming industry is very susceptible to this.

I've always been a little leery of this idea. When the legislature tries to connect any initiative petition that spends money—they say they have to levy a tax to produce the money in the same petition. And I, of course, have always been very concerned about the tact that the gaming tax is something that most people would vote for because it doesn't come out of their pockets, or they don't think that it does. And really, and basically, it's very important, because it *does*, in the long run, come out of their pockets, but it isn't direct, and they can't see it.

So this was the reason that Joe Matthews got hundreds of good, solid, sincere Nevada citizens to go along with him on the petition. They saw something they wanted to believe. And he played on it with the expertise of a trained musician that knew how to coax everything out of an instrument. Joe did this. His background showed that this was not new to him, that he was a—had been, on other occasions, a professional rouser of public opinion, or initiative petitions. He sensed places just as this that are not too defensible in the public mind, and to start a movement of some sort. And I have to assume that, of course, his basic reason was to make a living, and that he had spotted this as one way of doing it.

This created quite a furor in Nevada. I think he, himself, best expressed his theory, in which he made this statement to one of the people involved (and also actually put it down in writing) when, in discussing his petition, he said, (quote) “The truth of this premise is unimportant. It is only important that the majority of Nevadans believe it to be true.” (End quote.) And this expresses the whole basic theory, and it ran a very, very dangerous course. Of course, people that could think

this thing out farther, and that were a little closer to the gaming picture, like Governor Sawyer, and the Gaming Control Board, and commission, and the people in the tax collection agencies, the local officials, could see through this premise. But the danger of it was that the people who would vote couldn't see through it, and might vote it in, regardless of what kind of harm it would do.

Of course, the matter of gaming profits is something that there's a lot of speculation on. I don't believe anybody really knows the truth on it. The Matthews petition finally died out, but it was carried on for a long time. Just why he began to withdraw from it, I don't know. I do know that he did deal with a number of people concerning it, and did, at times, indicate that the movement might get too far, in which instance he would have to withdraw; or whether he had other motives in it, I don't know. I think, probably, if my memory serves me correct, one of the things that tied into this, and yet had something to do with—in the long run—of squashing the petition, was the skimming cases that came up later. The petition capitalized on the skimming cases to illustrate profits of the gaming industry. But it also, then, brought out the question that a lot of Nevadans were dealing with, one I've never yet gotten a satisfactory answer to, myself, is, “How much money are these gaming places making, and how much *can* they afford to pay in taxes without the law of diminishing return setting in?” And this is something that's always puzzled me.

But with this skimming case (which was picked up by Bill Galt who is another character in the story and who became associated with Matthews and his petition, and then later made accusations on skimming profits, particularly in his campaign for lieutenant governor), this all brought a question into the minds of the people of the state, this

question of how much are they making, so they thought perhaps we'd better get some sort of resolution on it. This was when the so-called Lybrand report was instigated, in which they hired Lybrand, Ross, and Montgomery, a very highly rated, nationally known firm, to go into the records of key large and small gaming places, but the key places, to answer this question of what can the gaming industry stand as a matter of the profits they were making and their ability to pay. And this report, from Lybrand and associates, definitely exploded the Matthews theory, that he was just way out of line. As one of the men associated with Lybrand, in charge of a lot of the supervision of the work that was going on in the various casinos told me, he said that, "This Matthews theory is just completely ridiculous. There is just no way these places are making that kind of profit." And I think the Lybrand report, instigated by the skimming incidents that came up, definitely put the final quietus on the Matthews petition, showing it for being as ridiculous as it was.

Now, just how right Lybrand was is another story. It is connected with the same general incidents and the same sequence of thinking. And that's another subject. Lybrand came to a completely different conclusion as to the amount of taxes, but they did come up with an exhaustive study on what they thought the ability of the gaming industry was to pay taxes. And that's another subject that I'll cover in another area.

Going back to the Gaming Control Board, about the time, in 1958, when I left the gaming end and went into the Tax Commission end of the business (one of Sawyer's campaign issues, I believe, and certainly, he felt very strongly on the matter, that the Gaming Control Board, as it existed under, and reporting to, the Tax Commission,

should be changed, and I agreed with that—the day was gone when the Tax Commission could act in a dual capacity, even though they were fine men and devoted themselves to it) they decided that they needed a revision of the Gaming Act. I have recited how I chose the Tax Commission, even though I really might not have had the opportunity of choice. But the people in the legislature, and those connected with the new government, some of them, at least, came to me, asked me if I would sit in with them while they rewrote the Gaming Act. I told 'em sure, I would. So we did. A legislative committee—I remember Gene Evans and Howard McKissick, from the assembly side, were particularly interested in it. George Ullom, who was Sawyer's new appointee as chairman of the Public Service Commission, and, as such, an ex officio member of the Tax Commission, was interested in the gaming end of this. And we all sat down and had numerous meetings in which we went over the existing act line by line, and wrote in new language. I think my main contribution was experience, and being able to tell them why some of the things were in the act, the background of it, and the reasons for it, and also, to discuss changes that I knew were needed, and evaluate changes they felt were needed. It was a very good session—I mean, everybody exchanged ideas, and I was given free expression as to mine, even though, of course, I didn't have any policy decisions as to what went in the act and what didn't.

Many of the improvements were dressing up and changing the wording, making it more explicit, and things of that nature, but I think, basically, they came up with a pretty good act. I can't remember who sat on it from the senate side; I'm sure somebody did, although it was an assembly bill, and it might not have had any senators. We spent one weekend, I remember,

particularly a Saturday and Sunday, working on it, came up with something that was mutually satisfactory, and we felt was a big improvement. I think the basic act, much of the original act stands in the act as we see it today. But this particular revision was a revision envisioning the Gaming Commission as it now exists, and pretty generally, I would have to assume, the basic act that they are still working with. I think it was a very good job.

Sawyer appointed Ray Abbaticchio as chairman of the Gaming Board to succeed me. He offered to keep Bill Gallagher and Sinnott on for a period of time. Bill Gallagher stayed for a while, but I think only 'til about September. He left. And I don't know that Sinnott stayed that long. I can't remember. He didn't stay very long in any event. Of course, they represented the old school, and the previous administration's thinking—or, at least, it was felt that they did, and I'm sure, were pretty steeped in the old act, and the processes that we had developed through the years.

Let's see. I think Ned Turner was placed on the Board. And [W. E.] "Butch" Leypoldt, I believe, the former sheriff of Clark County, and a very excellent man, a man with long experience in gaming administration on the county level, came in. Walter Wilson was made secretary of the Gaming Commission, as such. On the commission was [Miles N.] Jack Pike, a very respected attorney and judge, had been on the Supreme Court bench for a while; and Pete Petersen, ex-postmaster of Reno, an old-time employee and associate of Pat McCarran's; [F. E.] Pete Walters, who originally was from Elko and served in the assembly from Elko, and had experience in the FHA, I believe, in later years, and had moved to Reno, served on the board. Norman Brown, who is still on the board, came from the Tax Commission, and was an excellent member of

the Tax Commission, particularly on gaming matters, has a good background and a balance on these things. He had been exposed to the gaming business, I think he'd absorbed much of the understanding of it, and, of course, as a cattleman, an old-time Nevadan, had lots of qualifications, and he was kept for continuity purposes, I'm sure, and it was an excellent move. Norman's still on the board. A fellow by the name of [James] Hotchkiss from Las Vegas, who I didn't know very well, ran an armored car service. And Milton Keefer, and ex-FBI agent and attorney, was, I think, the other Las Vegas member. And this was a good board. Of course, basically, they had the usual, I imagine, pains of adjustment. Most of them, except Norman Brown, were new to the field, but they were conscientious men, and they worked hard at it.

Oh, I got a little ahead of myself on that Gaming Commission—or, the Gaming Control Board. George Ullom switched from chairman of the Public Service Commission to [member] of the Gaming Control Board. And, of course, George lived in Las Vegas, and had a background in gambling. He'd worked in gaming places, although that wasn't his most recent employment, and we all knew that George's main interest in the chairman of the Public Service Commission's job was because it carried an ex officio appointment on the Tax Commission, and the Tax Commission was the existing gaming authority. But the minute that the Public Service Commission was taken off the Tax Commission, why, George—it was no surprise to anybody that George switched to the Gaming Control Board. I guess it was when he left [that] Leypoldt came in.

George was a very intelligent man. I think a lot of people came to realize his ability. He was soft-spoken, thoughtful, but he had an intellectual ability that went pretty deep, and he had a pretty good sense of balance. George

had many troubles with the administration, and later, but I would have to say that as a board member, he had to be a good one, in that respect. The only thing that could be said of him was that he was his own worst enemy in the troubles that he had. It certainly wasn't lack of ability. He had a knack of handling people, getting along with people, also.

I started to say Ray Abbaticchio was the first chairman, and I guess he stayed on. Well, of course, he stayed on, and Sinnott and Gallagher stayed on for a time. Now Ray Abbaticchio was an ex-FBI man; in fact, he was on retirement from the FBI, and had been in charge of the New Orleans office of the FBI as his latest assignment. He came in with specific instructions from Sawyer to install a more orderly and FBI-type operation in the Gaming Control Board, and I'm sure he did. I would be the first to recognize that I could be—well, be accused in that field of being what's sometimes termed a hip pocket operator, and probably was, being the type of organization we had. I think it's understandable. grew up with it when we felt we were lucky to have one employee, a field man, of no experience, to where it became a pretty good-sized operation. (I think the hardest growth was behind us in the periods that I've described. But the biggest growth, in size, and investment, and everything, occurred after I left there.) And I'm sure there was some time when things had to be organized more into record-keeping, and more in line with a larger, more impersonal operation. Most of us carried an awful lot of the information in our heads. We knew each other, and knew the information. I think most of them in the gaming end of the business—I'm not now speaking of the accounting end which was handled pretty capably from the time Newell Hancock was there. But [in] the gaming end of it, and the investigative end, we

learned from each other. And Bill Sinnott was adaptable. Bill wasn't what I would describe [as] a typical FBI man. He'd spent some time in the FBI, but he was much the same type of man he is today, and he wasn't steeped in the FBI system. I think he worked with them during the war, but he wasn't steeped in the FBI system of rote, and manual, and page, and paragraph, and so forth, which is the way the FBI works. Those agents virtually have a page and paragraph on every situation, and everything that can be thought of. They're brought up this way, and we had built up the other way, by round table discussions, trading information, trading with our field men. I think we built up a tremendous background of knowledge. But as long as we were in there, and the sane old organization, and I'd been in there from the beginning, I'm sure that somebody like Ray Abbaticchio could come in there, could see a lot of gaps, and I'm sure that this was right. We had to put more down as a matter of record. We tried to keep reasonably good records, but under the light of modern standards, and modern capability, they wouldn't've measured up.

So when Ray came in, he started to set up a little FBI operation, and he was thoroughly familiar with it. I don't think he ever really adapted to Nevada because he'd been in the FBI too long. I think he never could get around to the concept of gaming that many of the people in the business, before and since, have had, basically, I guess, because they understood Nevada, and its background, and the operation. But Ray never, in my opinion, had that. He did a conscientious job. And I don't know how long he lasted. It wasn't too long, because even Sawyer had too much of it. He staged a raid down here on—I think it was the Desert Inn, one of these places. Whether it was government-inspired or not, I don't know, but it was carried on in a rather roughshod

manner, something they weren't used to, and probably, with what was felt by the operators as an excessive display of authority. I think this was mainly lack of understanding, as I have outlined. I never had any problem with these people. If we wanted—and we did it many times—if we wanted to make a dice inspection, we had a regular quiet routine that we had developed. We'd just walk over and ask 'em for 'em, and we got 'em. We put a man to watch the table, to see that they weren't changed, and we went to the pit boss, and identified ourselves, and said, "Look, we'd like to have the dice off of that table that are now in play. We don't want to make any fuss about it, or anything else." They'd just quietly give 'em to us, and we never had a problem in all the time that—even when we dealt with some pretty tough customers. And I think Ray had some problems in this respect. It was a kind of a raid, smacking of the old bootlegger raids, and this got him into some problems. And I think it was too much for Sawyer. It wasn't too long before he left.

I liked Ray personally, but I never did think that he had the understanding and even the background that it took to do a job of that kind. I think maybe I've expressed before, the FBI is overrated in a lot of respects, in that some people still think of them as supermen of the old Dillinger days. And it's a huge organization, an organization that operates by the book, and by rote, and not easily adaptable. Ray tried to go too far too fast. He did some straightening out of records and [established] more of a businesslike arrangement. There was no question this was needed. But I think he probably carried it too far.

And that was about the time that I rather lost contact with gaming, because when I went out of it—and a lot of people didn't believe that—but when I went out of it, I'd been in it so long, and exposed to it so long

that I wanted to forget all about it. And I concentrated on doing just that. I purposely avoided the issues too much, because I just didn't want to become emotionally involved as I used to get. It was something of the past, and something that was a lot of fun. Looking back on it—it was more fun looking back on it than maybe it was at the time. But I just wanted to completely get away.

I know that that was about the time that gaming went into big business. If my memory serves me correct, I think we had developed up to that point where we spent about \$200,000 a year in administering the Gaming Act. And, of course, we left off a lot of frills and things for the kind of an organization we had. I never was too fast on spending money just to set up an operating bureau.

I think they doubled that immediately in expenditure, and I think it's closer to \$1,000,000 today. I'm sure that an increase was called for. I don't know that it necessarily had to be quite as rapid in some cases as it was, but I'm sure it was necessary, and built up quite a complex organization on what used to be quite a simple one, built around personalities and the people involved.

CROSSROADERS, UNDERCOVER MEN AND THE NEW STAR CHEATING CASE

Another element of the business is a most fascinating story, I think. If it could be written, [it] would be one of the most fascinating stories of gaming, particularly legal gambling, and that is the story of the character that is well known to the people in the business as the outside cheater, or *crossroader*, who is a professional cheater. He makes his living circulating around the area gimmicking slot machines, [and] taking advantage of smaller operators that are not sophisticated enough to know what he's doing. Nobody knows how much is taken from the legal gambling industry, but it runs into the millions of dollars because these are the most astute, sophisticated, professional people I've ever run into. They know the business from one end to the other. They're students of human nature; they're psychologists.

Crossroader, as the outside cheater is generally referred to in Nevada, is an old, old term. I don't know how far back it goes into gaming, I suppose ever since there's been legal gambling to any degree, although I think they grew up more when places were

more numerous and not as restricted, and, of course, more open to the public. They're an unusual fraternity, a loose fraternity is exactly what they were, at least in my day in dealing with gaming and legalized gambling. They generally operate at least two or three together, one protecting the other. They seldom operate alone. They are unusually sharp. They've, of course, got the background in gaming. I suppose most of them learned it as dealers on the other side of the table (the house side), knowing the people that worked there, and the things they're instructed to do, and the things they watch for, until they become competent.

I think a lot of times circumstance forced them into activities of this kind, because the dealer's job always has been more or less precarious. I think it's steadier now than it used to be. But the dealers, themselves, were kind of a floating group. They moved from one place to the other, and the house, also, moved dealers around pretty fast. The only protection the house has when they know they're being taken from the inside (by their

own help) is to fire the person suspicioned, or two or three people suspicioned. It sounds like a rough practice, but it's about the only protection that the house has. They'd get dealers that are suspicious, and they would let 'em go. And I believe that when they were out of work and they needed money, they, of course, would go onto the *other side of the house*.

The slot machine thief, as he is called, is an accomplished slot machine mechanic. He knows every bit of the operation of the slot machine, how they operate, any weakness they might have, and it takes many, many forms. They're constantly probing for a weakness in the machine. Anything that gives them a little advantage, they're just constantly probing for. And, of course, the house, on the other hand, is constantly setting up a defense against moves of this kind. And then somebody develops a new one. This always reminds me of a description I think was attributed to George Bernard Shaw, where he was tracing the history of modern armament. And he said somebody would develop a gun that would shoot through any fortress or armor plate that had been devised, and so that meant that they would devise some armor plate that the gun couldn't shoot through. And then the people who were developing the gun would develop a bigger gun that'd shoot through that plate, and it goes on, *ad infinitum*. And this is largely the same way with the crossroader and the house. They constantly are spotting new things.

It's taken many, many forms. Of course, there are some that are standard, the drilling of the slot machine, spooning as they call it, where they can get a wire or any mechanism back to trip it. They used many methods to do this. I don't think I've covered the rhythm system of [playing] slot machines. This was something that they learned. I remember being told that the old Jennings machine at

one time had a weakness whereby a person could stick a coin halfway down the slot, and retain it there, and play the machine with one coin practically forever, until somebody would get suspicious.

The way they used to do that would be to go to these small places—places that were constantly on the list of crossroaders, the smaller places that didn't have the capable help. They had, maybe, a combination dealer and bartender, or somebody that had double duties, and they'd pick a large slot machine, nothing less than a quarter slot machine (a lot of the smaller places didn't have anything any bigger than that) and they'd buy five dollars' worth of quarters, pick a Jennings machine (they'd have it spotted in their movements around town), and then they'd hold the coins in one hand, and put one coin in, hold it there, and then go through the motion of feeding the coins in [demonstrating his words with gestures], when actually, they were playing the same coin all the time. And they'd do this just as long as they could, until the house person or the bartender became suspicious and began to watch 'em, and then they'd quit.

I believe that they're probably one of the keenest students of human nature, keenest psychologists that I've ever had any dealings with. They have to be, to be successful. They can size up the person or persons in a house; they know exactly how far they can go with any move, or with anything of that nature. They know how to bluff their way out of circumstances. They sense any innate weakness of a person very, very quickly.

Now, when I say that they were a fraternity, a loose fraternity, they were like railroad men talking amongst themselves at a clubhouse. (That's an area that I'm completely familiar with, and was raised with.) They sit and talk business, and talk about everything that's happened. They would go on these trips, quite

often would start up Highway 40, sometimes go as far as Ketchum, Idaho (and Sun Valley had illegal gambling in lots of places), would move leisurely that way, and maybe come back along Highway 50, would take a trip down to Las Vegas. And they traded information about all these places, because a crossroader knew, once he'd been through, that he couldn't come back too quick. He'd be recognized. The people wake up after the fact, after they're gone, realize they've been taken, and begin to look back and begin to put circumstances together. So as near as I could ever find out, this was more or less of an unwritten law with them, this, "Don't press your luck too far," but they were always free to tell somebody else about it.

They'd tell 'em about the dealer at such-and-such a place, and he couldn't see certain moves, or that he might be easily challenged, and he wouldn't dispute you. They were artists at this business that's well known to the sleight of hand expert, which, I'm informed, is just strictly distracting attention, so that you're not watching the key move. As I say, they traveled two or three at a time. If it was a small place, and not very well protected, one person would get the key personnel distracted. They'd get 'em into an argument, they'd get 'em into a fight, whatever the immediate circumstances dictated to distract the attention, while the partner was goin' on about his business, taking them down, as the expression goes.

They'd take 'em for everything they can and go on. Then they'd tell the next guy about it. And it got so that in this loose fraternity if anyone on the route—and they used to call it the milk route; they'd go on *the milk route* every so often. Most of 'em would hang around Las Vegas, Reno, or the Lake Tahoe area, and then go on the milk route every so often to milk the slot machines, or to take

anything that appeared easy to 'em, sizing up the situation as they went along.

You, of course, have the dice men, the manufacturer of crooked dice, or [who] get crooked dice and try to get the house insignia on them. And then, of course, the job is to switch them. The dice game was easier to watch [than card games]. In the first place, it has more people watching it. Most tables have at least four—two box men and two dealers—and even the smaller places operate with at least two on the game. But the [card game] "Twenty-One," because it is a game that's dealt by hand, is easier to cheat, is easy for them to work on. Each had their own fields.

There's been many, many cases during the time I was in gaming, and since, [where we knew] they operate schools for cheaters. We knew of them, and they still go on. They get a basement of an old house, or an old garage. They take slot machines down. Some people actually charged a fee to others to show them some new method of milking the machine, tearing the machine down, watching how it worked. You have the same thing with dice.

Something that is becoming more prominent right now is counterfeiting chips. And right now, they're getting chips that are such excellent counterfeits that even the places can't tell the difference. This is a recent development. Most of the places on the Strip have quit exchanging chips because of this. Not long ago, until this became so evident, chips, in Las Vegas, particularly, were exchanged all over town. Each place took the chips of the other places. A lot of the merchants accepted them, and the more acceptance they got, the better they figured it was for the gaming business. But right now, the art of making counterfeit chips has progressed so, and some of 'em are so excellent, and even their own places can't tell, or find it very difficult. Normally, the cashiers, or some group within

their own individual place are pretty good at spotting any counterfeits of their own chips. But, of course, the other places, where they're exchanged, are naturally not that good, and this is where, of course, most of the exchange would go. They would take the counterfeit chips, and not necessarily try to pass 'em in the house of supposed issue, but pass them somewhere else where the detection wasn't quite as sharp. This way, there was always a lag, because they only count chips every twentyfour hours, and, of course, they have runners that exchange chips. But it would take thirty-six hours, or possibly longer, for a house to determine that counterfeit chips had been run in with them. So there's been many, many areas [of cheating] and sometimes, I wonder how the gaming business survives all of the sharpies that try to live off of it.

But anyway, to get back to this fraternity of crossroaders, I got to know two or three of them quite well. In fact, we had one, in particular, that worked for me for a number of times, and I paid him out of the undercover fund. He was, in my opinion, probably the best in the business, and he used to sit and talk to us, sometimes would spend evenings with us. He'd show us some of the moves, and one thing and another. He was, and had been, a pit boss, and was quite in demand because of the fact he was so sharp. And, of course, he knew everybody else in the field. And I have to assume that when he was pit boss that none of his former confederates, or none of the people that he associated with in the fraternity, would try to take advantage of him. In the first place, I think they knew better, because he was too smart, and I suppose that there may have been some sort of professionalism and respect in his stand. He worked for Harvey Gross one year in the old Wagon Wheel. But, of course, that was a summer business, and it left him out of work in the meantime. He had a very beautiful

and attractive wife, two or three youngsters, very well cared for, nice-looking youngsters, and he was very proud of his family. He wanted to get out of the business, at least, so he told me, and he wanted to become a real estate salesman. But, as he explained to me, it took time. He didn't have a lot of education. His education, of course, was the school of hard knocks. He was very personable. And he said, and faced the fact, that it would take him time to break in and get a job to where he could make a sufficient living. And he said in the meantime he had to make enough of a living for his family.

I know that he tried to keep his family apart from it. He was proud of them, and told me this, that he wanted to keep them in the same circumstance and with the same advantages that everybody else had, but he just had to have the money. He promised me that if I would give him enough work that he could get by on it, that he certainly wanted to go straight. He recognized there was nothing in it, he was just getting worse off, and that he would try to get out of it.

At that time—this was fairly early in the game—I didn't have a large undercover fund, and I told him very frankly that I couldn't give him enough money to keep him, but he just said he'd saved a little, and if he had enough to tide him over, he wanted a crack at it. So I gave him a crack at it. Of course, we just learned a lot from him. We referred to this guy—I always gave him the name of "Doc," so that his name wouldn't get around. A number of us knew him around the office. And even during the time he was working for us many years later, we always referred to him as "Doc." I told him, I said, "Your name's Doc when you call on the phone" (we were, of course, playing cops and robbers), and he would identify himself as "Doc," and never [was] referred to as anything else.

He used to tell us of various people that would work at this business, and would try it. And, of course, there was always the story of the guy that—as he would say—in the room demonstrating his abilities to the others. Each was proud, as a professional workman would be, of his ability. And he said he would see some of them that, in a room, or on the floor, or on the bed, could do most anything with a deck of cards, or with a second card, or anything of this nature, and, he said, some of 'em would be the best that he'd ever seen. But when you got 'em in a casino, under a light, with people moving all around, with people across the table looking at you all of the time while you were doing this, he said, they just lose their nerve. They just couldn't carry it out. They'd flunk out at the last minute.

As he said, one of the primary qualifications they [crossroaders] had to have, and this is innate—I mean, the guy's got it, or he hasn't—and that is, he has to have real steel nerves. He has to have the ability not to be upset on either side of the table. It's true of the guy on the other side of the table, and, as I say, many of these people move back and forth. But to operate there, and under those conditions, he just said some of 'em just never had it. You just had to have complete brass, just the complete ability to bluff your way through. He told us many, many stories of this, and how they would take these places. And he said, "Unless you've just got the nerve to look 'em in the eye while you're goin' through your moves, and smile at 'em at the same time—anything to set 'em off—you're just not good in this business. And there's only a relative few that really attain a standing in it and get to be that good. They have to be not only mechanically good, but they've got to have the steel nerve and the guts to go through with it under the toughest of conditions."

I dealt with a number of them in the early days of operating this undercover [investigative] fund because we found out that this was a precarious profession, and many of them, if they could, preferred to make a living some other way. The gambling places wouldn't put 'em to work because they were known cheaters. They didn't know any other business, and some of 'em used to come to me with that story, "we'd be glad to do something else if we could."

A lot of these people reminded me of a story that was told about Al Capone, when he controlled the crime empire in Chicago. It was pointed out that Capone's administration was so efficiently set up and so smooth running that the capabilities that he exhibited in setting up a gangster operation could've been used in a corporation, a legitimate business, and he'd've made probably just as much money, because he did have that ability, to set up a marvelous operation. And had he turned his endeavors to legal pursuits, he'd probably have been just as successful in rising at the top of that field, as he did in his own field of crime.

This person and a number of others that I dealt with were in the same category. The qualities that they exhibited, the astuteness that they exhibited, could've been used in legitimate fields. I occasionally asked them [about] this, and I generally got the same answer. They recognized it, but they said, 'I just got started in this business.' Most of 'em grew up from the streets, and just said, "I never could make the transition to anything else." The one man told me if I would give him enough to at least get along on—he was trying to get a real estate license. He wanted to get into the real estate business. He was a very persuasive man; he could've sold anything. And I used him for quite a while. Of course, I had to use him on a contract basis, and spasmodically, but I used him.

And between the two people, the person I had on the payroll and this man, we began to get a lot of information. Bill Gallagher was beginning to get a feel of the operation. He's a very astute person, himself, and he devoted himself so wholeheartedly to it that he was getting a very good feel of the operation. [He] was our supervisor and directing all the field work, and work of this nature, and was beginning to learn a lot about it.

I put one man that had been a shift boss, and knew the business from the ground up, on the payroll and got away with it for, well, I guess, a couple of years, simply because he was known by a nickname mostly, in the gaming business, and when they used his right name, nobody ever recognized him. I changed one letter in his last name so that it wouldn't be quite so recognizable, and it made quite a change in the pronunciation of the name.

He said he didn't think anybody would recognize him by his given name. He was a pretty good operator, a pretty good man. He was not a crossroader, himself; he'd operated in the other end of the business. I put him on the payroll and kept him for a couple of years, and he'd make a circuit of all the places and come back and tell me what was goin' on, what he saw, and no one ever suspicioned. He used to come around at the end of two weeks and get his paycheck, and move on.

I used to use these men independently. Neither one knew of the existence of the other. And whenever I got a story of an operation from one of 'em, and he would describe in detail what was happening, and what the method of operation was, how they were doing these things, then I'd send the other man around and just tell him, "Look at the operation and see what you think, and tell me what's happening." Quite often, the stories dovetailed so much and so well that there was no further question in our mind that

we weren't getting the straight information. From then on, the question was, "How do we prove it?"

Quite often, in the early days, if I got statements, they would submit a statement, a witnessed affidavit, as to what was goin' on, and I could lay this before the Tax Commission, and the very way that it was presented, it became very obvious that we had a pretty straight story. This worked for a little while. We'd go up before the Tax Commission, and the very way that it was presented, it became very obvious that we had a pretty straight story. This worked for a little while. We'd go up before the Tax Commission, and we'd say, "Now, we've got Agent X and Agent Y. They are known to us. I have witnesses, Bill Gallagher and other people who are well known and respected, who will witness this thing, that this is the statement of a person qualified in the field. But we will not reveal 'em." Because, as we used to point out in the early days, every time we revealed their existence, that immediately destroyed them. They were no longer of any use to us. It would be a little difficult to expect a man to go out and see how fast he could demonstrate his ability so that he would then lose his job. We told the Tax Commission that. But they were fine men, they were respected people from all over the state, and we told 'em, "You can talk to 'em if you want, but we just can't expose them to the public and to the press and get them involved, because immediately, the better they are, the quicker I'll lose 'em."

And this worked for quite a while. It began to lose esteem as they began to come up with attorneys who began to point out from their point of view, and properly so, that they were entitled to examine the witnesses against them, and we merely got by with it by the statement it was a privileged business, and they didn't have quite the same rights as

[laughing] other people did. Of course, that, you couldn't hold onto for too long. As time went on, that began to wear a little bit thin.

But going into [the story of] this crossroader, this man taught all of us an awful lot, particularly guys like Bill Gallagher and some of his investigators, who spent hours and hours with him. He could describe very graphically—. When we began to learn the philosophy of the crossroader, how he operated—it's a loose-knit fraternity, where at least those people in the business recognize each other, trade stories with each other, tell of their accomplishments, and then the other one goes out and tries to beat him with it so that he can tell a better story. They would make regular trips around the state. They used to start on Highway 40, sweep down the state through Elko, taking advantage of every operator that they could. And they knew so much more than these operators in these little places that they could just cheat 'em unmercifully. They'd sweep clear up to Elko and Wells, and then go up into Ketchum, Idaho, which is right alongside of Sun Valley. The Sun Valley operation at that time was operating a number of illegal games that were well known, that were operating; and they'd go in there and take those places. Or they might get a job up there, seasonally, because they weren't as well known to the people running the business. Even those that were running this speakeasy-type operation really didn't care. And they'd sometimes get a seasonal job. Then they'd come back over Highway 50 and take a few more.

They were experts in the operation of a slot machine. They knew probably more about it than the slot machine mechanic in the place. They tore them down, they went through 'em, they could spot any weakness of the machine. They could virtually milk it dry. And every time somebody in the business found

out what they were doing, they were smart enough to change their operation a little bit or find a new weakness. It was a fascinating, fascinating story!

The main qualification, as we were told, and began to see more and more as time went on in that particular type of business, was just plain unadulterated brass, or guts, as the expression would go. The man had to be brazen enough to stand out in a public game with a crowd of people around him, and have confidence enough in himself that he could get away with these things without being spotted. If he was spotted, he just brazened it out. They learned that the best protection they had was immediately to raise a big rumpus, a big, noisy ruckus, and start to scream at the top of their voices and yell that they were being maligned, they were being discriminated against, and this is a lousy, cheating joint, and so forth, and what protection does the operator have? None. He got all of the worst end of it, because he couldn't run around to every one of his customers and explain to 'em that they weren't cheating, that this guy was. And so they knew this. They took advantage of this. And I think it's still, today, used a great deal. The only protection a house has really got in their business is to very quietly go and get the man by the arm, and say, "Now, look. You better leave this place. We know what you're doing." Many of 'em told us they'd take 'em to the bar and buy 'em a drink, and say, "Now, look. We don't want your money, and we don't want you to take ours. We know what you're doing. Forget about it, and go on about your business." And in this way, they'd get rid of 'em. But they were just too keen. They knew what advantages they had, and they knew how to use them.

This thing has gone on, and still exists today. Many times, the sheriffs' offices and the counties have run across evidences of schools

for cheaters. It's happened a number of times. They actually, for a fee, would teach people all about the operation of it. They'd have slot machines there, to tear down, to show 'em how they operated, show 'em how they could "gimmick them," as the saying goes. And actually, I personally know of several of those that were in operation in the state, without any legal or public blessing. They'd operate in a house or a cellar somewhere, and they'd charge a fee to show these people how to get advantage of these things. They could show 'em how to manipulate or tamper with dice so that they could throw them in the game.

The only protection that a house has ever had, really, is they've got people that've been in the business all their life and can recognize it when it's happening to 'em. The unfortunate part about it is that it sometimes costs them quite a bit of money before they—they can't see everything that goes on before they find it. And some of 'em are quick enough that they are never caught.

This man that worked for us, we always referred to him as "Doc," which was just a name we pinned on him. This man bragged to us many, many times that he'd never been caught. He was too smart. He knew how to use others. He'd teach others the business, and send them inside while he directed the operation from outside. He became so well known that they wouldn't let him get to a game. And he just got to the point where he'd never try, because lots of times they didn't know what he was doin', but they knew whatever he was doin' wasn't good. [laughing] They'd just better not let him get started!

He worked for me for, I guess—I don't know how long—two, three years, at least. And he stayed pretty level with me, but finally, as the expression goes, turned me around, and became involved with one of our employees in a case that got a great deal of publicity in

Wells, in which they were shaking down the operator. And this was something I'd always feared. It never happened to us as long as the operation was small; we were a close knit group, we trusted each other, and we never had a problem with our employees. This was the first problem that I'd ever had, and, I guess, the only one. It created a lot of publicity. It would support a book in itself.

We ran across it in a rather unusual manner. It was my old friend, John Robbins, who was practicing in Elko and quite sick (he wasn't even leaving his house at the time, tried to do what practice that he could do in his house), that tipped me off to it. He had run across this through a client who had become worried, and come to him and told him what was going on. And John said, "Well, I only know of one way of going at this, and that is you're going to have to expose it." He said, "You're being taken. You're being blackmailed, or extorted, or whatever else you want to put on it, and you're never going to get out of it unless you make a clean breast of it. And," he says, "I know the man that can help you. I'll call him and tell him."

So he did. He called me, asked me to come up and talk to him, because John and I had developed through the years a very good rapport. He trusted me, and I trusted him. We had a mutual high regard for each other. And it was the last time he figured in my life that he was able to help me. I went up there, and they described what was happening. He had this client of his come in and describe what was happening, and I could immediately put the pieces together. They only had a few, but I had the rest of the pieces of the jigsaw puzzle. I could tell, by things that they told me, that they had a pretty substantial case. I could even pick out the people involved because of things that I knew, that they didn't know that I knew, and were telling me, and that fit right in like

a jigsaw puzzle to the things that they'd put in. And when I put them all together, I had a pretty good picture.

Ralph Denton was a young attorney then, working in John Robbins' law practice. Ralph was watching me. He could see the recognition of the situation come over my face—I could piece it together. He said, "Do you know what's goin' on?"

And I said, "I think so."

I went out to the telephone and called Bill Gallagher. Of course, we were very surreptitious in those days. We used to talk very confidentially. We didn't want somebody else to know what we were talking about. But I was able to talk to Bill, and Bill knew what I was talking about. I said, "Bill, where's our friend, Doc, these days, and where is his partner?" I happened to know that a man we'd never dealt with at all, and who entered into this case, was very close to Doc. He had the ability—he would go out and do a lot of these things that Doc was directing from behind.

And he said, "Oh, you mean our other friend?" He said, "He's runnin' a place in Fallon."

Well, this fit into the puzzle, was all I needed to know, because the phone calls were coming from Fernley. I knew that there was no place in Fernley, and that the person wasn't operating out of Fernley; it had to be somebody operating either in Fallon or in the Reno-Sparks area. I also reasoned, at least, and felt that I knew, that a person operating in the Reno-Sparks area would not be tipping off their operation, or to where it was centered, because it's a fairly large area. But if they were operating in Fallon, it wouldn't be too hard to run down from that knowledge the fact the calls were coming from Fallon, and then to go through the list of people that might be suspected of being in this operation, and bring it out.

And the minute he told me that Doc's friend was running a game at Fallon, I knew I was on the right track. Well, it got to a long, involved case that, like some of the other stories, just would be a volume in itself. It was one of the most amazing experiences I ever had.

I was taken to the district attorney of Elko County, who was a young man by the name of Grant Sawyer. [We] told our story to Grant. Ralph went with me. John had advised his client to turn state's evidence, and it developed into a most amazing story. It carried me into San Francisco, and to Redding, and to running down people, piecing things together. We put a lot together. We traced phone calls. But mostly, it involved situations. We could put enough evidence together to know in our own minds what was going on and to immediately put the operation into focus. But it was a big case, and had to be carried to the courts, and had to be carried on the basis of legal evidence, and it was a little difficult to get enough legal evidence pieced together to make a complete case.

Grant felt, from the evidence that he had, that he had a pretty good case. And then the question revolved around how—. The same problem to him, in his legal profession, that we'd run across in our dealing with people operating improperly was, "How much evidence do we expose in order to get 'em to trial?" And, of course, they have to, under legal process, have to make all of their evidence available to the defense.

It went on for a long period of time, but it got into the courts, finally. The upshot of it was we lost the principals in the case because we just could not come up with enough evidence in court to try them. I, of course, have my own feelings on it, but we never came up with enough evidence of what we thought was going on, and the case finally had to be

dropped. It was never proven what extent and what the complicity was of our employee. I don't know to this day. I have my own feelings on it, but we have no proof.

It taught us a lot. We were able to weave together quite a story. And it was the only time, really, in my whole experience with this, that a trusted employee became under enough suspicion to get us into trouble, and get himself into trouble. It was something we'd always recognized could happen, and it was a very trying and difficult situation. It was one of the most difficult things that I ever had to go through.

I had personally liked this man and thought he was a good friend. And, as I say, I could never come up with enough proof to determine the extent of his complicity, so we dropped it. I think it had some salutary effects. It at least pointed out that we knew what was going on, stopped that particular operation, and I'm sure, was a deterrent to a number of others. But it was a very trying experience to all of us.

It was my first contact with Grant Sawyer. Of course, later on, I had many contacts with him. He handled the case very forthrightly. He never was able to get it beyond the preliminary hearing stage. He felt that if he came up with all of the evidence he had, that then he would have the defense too well prepared to try it in court. And we just were never able to come up with enough to bring them to trial.

The one person who was referred to in the newspapers, and all of the references to the case itself, designated the term "Fat Jack." That again was a tipoff to me as to who it was [John Galloway] because I could immediately put him into perspective, because he was a fat person, and that type, and his name was John, so that, again, put me on his trail. There was never any defense put on him, but we had to try 'em both together or not at all. Fat Jack was

never tried, and the thing was finally dropped after about two years of public hullabaloo that we all regretted.

There was no question in my mind, again, that our friend, Doc, had planned the whole maneuver. But again, he was way behind the operation. He was way back of it. He was astute enough to plan it, but never be involved in it to any point we could ever involve him. One crossroader taught us an awful lot. It's an element of the profession that really has never been treated, and it's almost unbelievable.

[This incident occurred in 1953-54, and arrests were made in February, 1954. The owners of the gambling business at Wells were Leo Quillici. and his son, Joe Quillici. The Tax Commission agent at the time was Dudley Kline.]

[As I said], Doc worked for us—oh, off and on—for a year or two, I guess. I had many experiences with him, sometimes used to go out on the road. But I could see that we weren't getting enough for him, that I just couldn't break loose enough money to keep him going. And I know that he drifted back into the business. He had always boasted that he'd never been caught, and I don't believe that he had, and yet, it got to the point where practically all of the owners and all of the pit bosses knew him. He got to the point where he was training others, and would direct them inside. We got wind of the fact after he began to ease off with us, and I finally told him we just didn't have enough to keep him going.

He, one summer, was working at Lake Tahoe, and we were told—Eddie Sahati told me. I suspicioned that sometimes Eddie used him—in fact, he claimed that he did—for some of his own private games. He was an artist with what they term the paint which is similar to a daub. The daub, of course, was the cruder method of a dealer working a little substance on his finger, or one thumb, that'd

put just a little smudge. And as he played and handled the deck, he'd put a little smudge on the high cards so that they could be identified and he could see them. Of course, the disadvantage of that was that any dealer that was at all trained would spot 'em practically as fast -as he could, unless he was awfully good.

Doc had developed a paint that he defied anybody to detect, or use. He claimed that he could put it on a deck, go out of the room, and let anybody examine the deck as long as they wanted to. He made the offer, he said, "Get some that are good at it, and just let 'em examine the deck all they want to. And," he said, "I'll come into the room, and I'll stand halfway across the room and tell you what the card is, whether it's a high card or a low card." And I believe that he could. He did.

Even after he had kinda gone back, he never directly admitted to me, although he tacitly did, that he was back into the business. And we began to get rumors of it. But he was still friendly with us, and still gave us lots of tips as to what to do.

We went up one time, and Eddie Sahati told me that they were working in his place. Eddie told me, he said, "He isn't coming in, but he's sending people in. And, of course," he says, "he gets new people, people, sometimes, that I can't identify, and," he said, "he's taking me. He's taking me for plenty."

We went up there one time, and knowing how he operated, and one thing and another, we finally spotted him. He was out in a parked car amongst the trees, and sitting there. We sat and watched him for a while, and pretty soon, these guys'd come out, talk to him, and they'd sit and plan like a squadron leader planning an assault. They'd get everything figured out, and then back they'd go. And we went over, identified ourselves, and talked to him. He was a little sheepish, and denied—but he did it with a—rather a smart remark, denied

that he was doing anything, said, "I'm just wanderin' around, enjoyin' the night air." But we knew better.

This period went on for a little while, and then, of course—I think I've covered this in the story—he was the one that was in on this Wells incident with "Fat Jack," as we talked about, Fat Jack Galloway, who was an old partner of his. They'd worked together inside, and they'd worked together outside, although Fat Jack sometimes operated by himself, and, I believe, operated in other spheres than gaming, sometimes. He was a natural con man. And I think they were good foils for each other.

I finally got all the information that I could piece the thing together. We knew that Doc was one of the planners of this whole Wells incident, and I faced him with it. He was operating a little "Twenty-One" game somewhere as a dealer, and I just went over and faced him with it, and told him, I said, "Doc, you turned me around, and that's somethin' you promised you'd never do. I've always treated you very square.

He said, "You have, but," he said, "I've never turned you around." He said, "You're wrong. You're wrong. I haven't turned you around."

Bill Gallagher was with me, and I said, "Just don't tell me you haven't." I said, "You have, We have been friends, and we've been good to you, and," I said, "we know you've been operating, but we've never been able to interfere with you. We know better. We know you're too smart. But nevertheless, we never expected you to turn on us, and work as you did."

And he denied it. We went out into an adjoining parking lot and waited. It wasn't long 'til he came out whistlin' and headin' for home, just as fast as he could head, and I knew he was out to spread the word. This was just

about the time we filed the charges against our employee [Dudley Kline] and Fat Jack. In fact, I think it was really before it was public. But the charges had been made. I don't think it was an hour or two after the warrants were served that I went back and faced him with it.

But later on, two or three years later, he called me, wanted to see me. I don't recollect exactly what it was, but probably something or some favor I could do-for him, help him get a job, or something. He had plenty of nerve, and he was just the same old pleasant guy. He's trained some of the best people in the business. I haven't heard from him in recent years, in the last ten, I guess. I don't know whether he's ever really finally got into the real estate business and went straight, or not,

A lot of these people became legend in the field amongst the operators and amongst the hangers-on. They had many names. One name that is legend down here on both sides of the table was one that was referred to as the "Grasshopper. Ii Another one in Reno was called the "Gallop." He didn't have the finesse that Doc or the real careful crossroaders did—I mean, the people that knew their business, knew the insides and outs of the gaming business. He was more of a roughneck—I mean, in his tactics. He was famous in Reno. The police were after him for a long, long time. He operated in stolen goods. He'd make his milk run route—seemed to do business well enough to make his milk run routes occasionally, but he generally came back to Reno. They knew how to harrass operators. One place was taken by them two or three times that I know of. They'd get in when the place was practically empty, maybe one dealer in the place. One time they went in, obviously cheated him. When the dealer accused them of cheating him, the guy, of course, became indignant. (Like any thief, the guiltier they are, the more indignant they

become if you accuse them.) So he grabbed him by the arm, and they got into a fight. And the dealer defended himself for a minute or two, and then began to realize that he'd left his table. And when he turned around, there wasn't anything left on the table. The table was cleaned of the silver. Everything that was on it was gone.

I always marveled at a case that was in the newspapers. It was outside of the state, but the same tactics. I think one of the operators later worked in Nevada. And they operated in the slot machines illegally in the Rainbow Lodge (I think I've referred to it once before), up beyond the summit, at Lake Tahoe. And the state inspector came in and found them operating an illegal slot machine, and started to write out a summons for 'em, and arrest 'em; and somebody stomped on his toes, and there was a general melee and a general fight, and by the time he got up off the floor and could recover himself from the fight, looked around, the slot machines were gone. There weren't any around. When he started to get indignant and look for the machines, why, everybody looked blandly at him, says, "What machines? There's no slot machines in here!" [laughing] This was in the newspapers.

I can appreciate the tactics, because these were the tactics that the Gallop [used]—he'd operate with confederates, and they'd go in to take a place down, and if they were spotted and they would try to throw them out, they'd begin to become very combative. They'd try to start a fight. They'd start to shriek and swear, use foul language to make themselves a nuisance and create a scene, because after that, the damage is done, and he wasn't afraid of the police. And he was a bold antagonist, but the police were never able to get anything on him.

So a place, when against tactics like this, was faced with a very bad decision. Sometimes, I believe that a place would figure if they

weren't too piggish, that they'd let 'em take a little bit, [then] just to go up to 'em [and] say, "Now, if you'll just kindly leave quietly and not upset the place." If you find out that this tactic works, this is the tactics you use. But he was a thorn in the side of the local police for many years. [He] finally disappeared, and I was told, went up to Alaska (this was many years ago when those towns were just developing), and became a jeweler, and is supposedly, now, a very respected businessman, and a member of the Chamber of Commerce, and doing quite well. Of course, he may have started operating on jewelry that might not've been obtained from the wholesalers—I don't know. But he evidently got enough money out of his business to go on.

Nobody knows how much these people drain from the legal gambling business. There's no question that millions a year are probably taken out in slot machines, alone. Originally, there was really not stringent laws protecting a place from somebody that was cheating. They have been strengthened, as the time went on, and if you can prove that they have, for instance, gimmicked a slot machine, or catch them with the goods, they have them arrested. And they've got a little more protection than they used to have, but even now, these people come in. If they are detected, they're taken before a judge, or the justice of the peace, put under a bond. Normally, the judge puts, possibly, a hundred-dollar bond on 'em, and they're gone. And they've been known to have been caught in more than one county in one day. But the bond they have to put up is small, compared with the money they get out of it, and they go on their business.

Last session of the legislature, I believe it was, or the session before last, possibly, they passed shoplifting laws, which also have affected the gaming business, whereby

a person could be detained until the police arrived. That used to be a problem, that, after you caught 'em, what can you do with 'em, legally? Now, in the old illegal gaming days, the traditional method of handling people of this kind was much more effective. They gave 'em a bad beating. Doc told us, in the old days, when [those] tactics were used, the man that was pretty good with his fingers might wind up and find his fingers had been broken by a gun butt or a club. But they couldn't do that in Nevada because a person would run out and swear out a warrant against them, and those tactics are looked upon with a rather dim view. But they were more effective.

Even today, the laws are not stringent enough. In our business, right now, in the associations, we're trying to get heavier bonds, which judges can do, to deter a little bit. Nobody knows how much money is taken, but it's got to run into the millions each year. It's a lucrative field, as we found out with Doc. I think Doc's intentions were good; I think he did want to go straight. He told me, he said, "If I can make a decent living at something else, believe me, I'll never look at it again." And I really think he meant that. But it's easy money, and pretty soon, he begins to get the itch.

I believe—I don't know whether he was the one, but I know he was one of the first to discover the weakness in the old Jennings machine. And he said, "I can take you all over the state, and," he says, "I can make enough money to pay our way, just off of these Jennings machines." Again, the trick there was to know just how far he could go, when to quit, know just how far you've pushed it.

They're still operating today. I think it's again, the old George Bernard Shaw theory; they [the owners] find out ways of protecting themselves, and the crossroaders get together, and finally, someone finds a way of breaking it. He may try to keep it a secret for a while,

but pretty soon, they're tellin' other people, and it's beginning to leak, and then it becomes a common tactic, and the house side finds it out, and they try to find ways of stopping it.

I think, basically, as I've said, that, really, the key to their successful operation is the same thing that's the key to a magician's operation, and that's the distraction of attention. I've seen just every kind of a game used. One that was used for some time—we finally ran it down—was a woman confederate would come in, and a man would get seated at the table. They've got the positions at the "Twenty-One" table named as first base, for instance, and as third base, and, of course, one's on one side of the dealer, and one's the other, as first and third base would be on the [baseball] diamond. And the key to the thing was to get the woman to come in on either first or third base. Then the man who was going to operate would come in and sit down next to him, and she'd put a big purse up on the table, so it would conceal the movements of his hands behind it. Now, this can be used both ways. It could be used by a dealer cheating from the house side and the woman throwing up the purse that would get in their way. We found this was used for quite a while, and pretty soon, they began to get onto it. The word got around that this was going on, so they'd try something else.

We tried a young couple, a young war veteran and a very pretty little wife. They'd just been married, and he'd worked around as a dealer. He was a sharp kid. He'd come out of the prisoner of war camp in Germany, claimed that he'd learned a lot of it in this camp. They were quite successful for us, working on our side, and he was fairly sharp. I never knew of him working the other side of the table. He might've, in later years, but I never knew of it. He was very young and innocent-looking. The little wife was also young and very good-

looking, and, naturally, a distractor. And he'd use the same tactics in working for us.

They uncovered a number of places for us on Highway 40. They always wore levis, slacks and jacket, faded blue denim. And it wasn't any time 'til we got the word back that the word had been passed around that this couple in the blue denim outfits were working for the Tax Commission. Then I had to shift him, and I worked him down in Las Vegas for awhile. And he was, I think, hanging around the park, trying to find out what was going on, and got arrested, then tried to identify himself. (Of course, we never could let 'em carry any identification when they were working in that business.) He finally called me frantically and said he was in jail, and I had to get him out. And so I had to call Paul McDermott, and Paul had to go down and finally convince [laughing] the police he wasn't quite the suspicious person that he appeared to be, but actually was working for us.

We had a number of them. I had another one, a fellow that went to work for a little while for us. In fact, he only lasted one trip. He'd been talking to Bill Gallagher when Bill was running the office down here [Las Vegas], and Bill was convinced that he had good intentions. He was an older man. He said he couldn't get a job, he was too old to get a job as a dealer, he knew all the tricks in the trade. And Bill was convinced that he really was sincere, and would do a job for us. So he put him to work. We sent him up to Reno because we thought he wouldn't be known up there. And it was one of those cases that backfired on us. We didn't have too many of them. This one, particularly, did.

He started working South Virginia Street, some of the places we knew were kinda suspicious. I can't remember what he got ahold of, but he had something that at least gave him some identity with the Tax Commission. And

it wasn't any time 'til I found out that—of course, they had to go to the bar and order a drink or two, and hang around to watch what was going on. We gave 'em strict orders that they had to nurse a drink, and could only have not more than a couple of drinks, because then it impaired their faculties, and, of course, put us under the attack of having somebody under the influence of liquor, and didn't know what they were doin'. But on the other hand, if they nursed a drinks too long, or just drank cokes—. We had one of 'em that just sat at the bar and drank cokes. It wasn't any time 'til the word got around that, "If you see a guy come to the bar and sit, doesn't order anything but cokes, then you know that somethin's wrong, unless he's got some other reason for being there. He's not going to pay" (in those days) "fifty cents for a coke at the bar. That's a pretty good sign the person's with the Tax Commission."

I guess the old guy, a drink or two began to loosen him up too much. It wasn't any time 'til I began to get the word back that he was going to the operator of the place and identifying himself as working with the Tax Commission, telling them that if they'd give him a couple of hundred dollars, why, he'd give 'em a clean bill of health.

One of our guys picked it up. [He] had a couple of people that knew the business pretty well, that were operating there, one of 'em [from] a well-known family in Nevada, still operating around here. But he was operating a good, straight game. And so he said if we wanted him to, he'd give him some money. So he did. We made arrangements with the Reno police, and they gave him marked money, and immediately was going on. We gave 'em strict orders that they had to nurse a drink, and could only have not more than a couple of drinks, because then it impaired their faculties, and, of course, put us under

the attack of having somebody under the influence of liquor, and didn't know what they were doin'. But on the other hand, if they nursed a drinks too long, or just drank cokes—. We had one of 'em that just sat at the bar and drank cokes. It wasn't any time 'til the word got around that, "If you see a guy come to the bar and sit, doesn't order anything but cokes, then you know that somethin's wrong, unless he's got some other reason for being there. He's not going to pay" (in those days) "fifty cents for a coke at the bar. That's a pretty good sign the person's with the Tax Commission."

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I've been without money, and been starved so long. When I got back into the business and got a couple of drinks, and I began to see this money flowin' around," he said, "I just couldn't help it." But he said, "For God's sake, just get me out of this place." He says, "It's dirty, I haven't had a bath, and," he said, "don't tell my wife. Just let me go, and get me out of here." And they finally got him on some charge and fined him a hundred dollars, or something, sent him on his way.

But these people, like this, were very valuable to us, and yet, they're only good to you—. You could use 'em occasionally, but then they began to—as the phrase went on it— began to burn out, and we began to wonder if they could stand up under the pressure that long, and we'd have to start looking for some other way.

The case of the New Star casino in Winnemucca was not a lot different, in some ways, than all of the rest of the cases through the years. However, this did mark a different approach that I'd been wanting to do for some time, and thought should be very successful. And I can't remember the exact details; it seemed to me—I know we got an observation on the dealer in the New Star case. And, of course, we were working under the rules we always worked, that we had to get observations by two people, neither one of whom knew of the existence of the other one so as to corroborate. And through the years, it patterned out pretty well, because you could almost tell, by the description of the two different people; their description of the motions of the dealer, and the way that he operated, would generally coincide. And when they did, you knew that you had a pretty solid case—at least, you knew that you were right in accusing the dealer of cheating.

I had always wanted to get somebody from outside of the state that carried a national reputation, a reputation as a card detective, which one of the men had always billed himself, a professional in the game. I only knew of two, John Scarne, who had written a number of books, and who had come up in the business as a magician, and then later had gone to work, I think, for Arnold Rothstein, when he was quite prominent in underworld circles in New York City. He taught a lot of people the trade with cards, and one thing and another, and I was very impressed by the books that he had written. One time when I went to New York, I did get an address and tried to see him, but I found out that it must've been just a mailing address because the office was an office of a shirt company, or something else. But in a previous trip to New York, I had contacted Malcolm MacDougal, who also had written books, and billed himself as a card detective. I could remember reading some fascinating articles that he wrote in the old *Liberty* magazine, telling about his experiences in detecting cheaters. At that time, he was hired by private clubs and private societies that had social games, but were quite often preyed upon by cheaters who would come in either as guests, or work their way in, and would cheat the members. (Of course, the best illustration of this is the recent Friar's Club case, [and] Maury Friedman, another person that I had a lot to do with through the years.) I remember how fascinated I was at reading his article, and how he detected these cheaters operating in these clubs. So I did get an interview with him, and asked him if he would be interested in coming to Nevada, and he said he would.

So when this New Star case broke—and I think it was probably the first under the Gaming Control Board—it was the first major

one, at least. So we got MacDougal to come out and take the case for us; and while he was doing it, I had him travel clear across Highway 40, which was always a good prospecting area in cases like this, in the bus stops, and the smaller places along the road. He brought his wife with him, who was a very intelligent lady, and she evidently had helped him with his books. He said she was as capable as he was of detecting these card tricks, that he had taught her. He was also a speaker. I think he went on this knife and fork club circuit, in fact, I think he'd appeared in Reno once or twice. And he was also a magician. He could do tricks with cards.

And so I didn't give him any specific assignment. We never did. In other words, we never told him, "Now, go into the New Star Club in Winnemucca." We would give him a list of places to be sure and go into, but we'd always give him a list of eight or ten or a dozen, and made it clear at the time we gave him the list that they were just prominent places, and we wanted to be sure he didn't overlook 'em. And this was done, probably, more for our own conscience than anything else, because a charge of this kind is a very serious charge, and you at least want to feel that you're right in making the charge, because the consequences of even making it, if it's public, is damaging. In fact, I would say the majority of the times, the people would just throw in the sponge, rather than get the publicity of it.

So he came back from his trip. There was something about him that made me a little uneasy. He was a showman, and he seemed more anxious to demonstrate his showmanship ability than anything else. We used to lecture these people— most of them, of course, that we hired were accomplished cheaters, themselves, or ex-crossroaders, or

somebody of that nature, or dealers who knew the moves. But there was always a problem in hiring them, in that, if you sent them out, like an auditor or a salesman, let them know you expect results from 'em, there's always a chance that they're working under pressure, and they figure they've got to come up with some cheaters, and they'll come up with 'em. So we always lectured to 'em, "We want you to understand that if you go out and cover this territory, and don't find anything wrong, that doesn't mean you're out of a job. It just means that we're glad that maybe we've made some progress with this thing, and just keep working. But you certainly aren't going to be judged by the number of places that you bring in." And I gave MacDougal the same rigamorole, although of course, it didn't apply to him so much. I can't remember what we paid him, but we paid him a good, stiff amount of money. It didn't apply so much to him because he might come back periodically, but he wasn't, of course, looking for any regular employment, or anything of that kind. But he did; he went out, and he came back with an observation on the New Star Casino. His wife had also corroborated him, and she also aided him in the identification.

We had had another report from a different operator that had given us the story, and we were sure that there was something going on there that was not exactly right. [The New Star] was run by a set of brothers, and it took me a long while to piece the facts together. But the one brother, the younger brother, was terrifically familiar to me, and I couldn't figure out where I had seen him, until much later, from an inadvertent remark that he made during the time the case was in trial. I finally remembered that I'd seen him with Doc on one of these Lake Tahoe trips, and I'd seen him come in with Doc in Carson, into

the old Senator. And any time that you saw two or three people come in, and Doc was one of 'em, you saw an earnest conversation going around and around a coffee cup, you *knew* what was going on.

MacDougal and his wife gave me a very comprehensive report, description of the dealer that he had found. But that flamboyancy of his, to show off a little bit, to show his abilities worried me a little. He claimed that one dealer was dealing off the bottom of the deck, and it would kind of float the card in the air off the bottom of the deck. But he was very professional; he made a very careful identification. He had his wife to back him up. And we had another observation on the place from a different operator, although this operator didn't come up with this bottom-of-the-deck deal.

But, again, his flamboyancy just disturbed me a little. We did go ahead with the charge, because there was no question in my mind, or I think any members' of the Gaming control Board, that we had a solid case. And as time went on, I became more sure of that fact. Most of the time, in cases like this, either at the time or later, little things come up that fit into a jigsaw puzzle, so to speak, a little piece here and there, that really are more convincing—or were more convincing to me, although they weren't worth much as evidence. You try to use some of those things that were convincing to me as evidence in court, and they wouldn't stand up at all, because simply, they just verified a hunch, or a feeling, or several little incidents put together. So I never had, and still don't have, any reservations as to what we had—we had them pretty cold in this operation. But nevertheless, MacDougal did disturb me.

We went ahead with the case, and we got into an awful fight on it. It was run by brothers, and at that time, the older brother

was actually the boss, running the place. The younger one was definitely the number two man. And "Red," as we called the older brother, had come out of the Army, and had, I think, one of those early retirements out of the Army. He was a relatively young man, but still old enough to have gotten an Army retirement, and, I'm sure, learned a lot of his tricks on Army crap games, on what we called the blanket crap games. He was very brash, and he was a red-headed fighter. So he did. He hired an attorney, and contested the case from the word go.

MacDougal's story of the dealer, and his identification of the dealer matched. But his story of the dealer was that he took a bottom card, and he, of course, could demonstrate, himself. He was an excellent sleight of hand artist, and an excellent card manipulator, and he would demonstrate, himself, how it was done. And he said, "This card just kinda floated in the air at me," as he would flip it. And then he'd demonstrate it, and he'd do a passable job of it. And that disturbed me, because this business of dealing from the bottom of the deck is something for the detective stories and the old paperbacks of a different era, and the Diamond Dick stories. It just doesn't work that way in professional gaming, that I have ever found out; and I've never found anybody that ever came up with this bottom-of-the-deck deal. Now, Scarne wrote about it in one of his books, and mentioned it in that vein, that this was just strictly an old tale that people like to believe, but it just was never done.

The general manipulation in a "Twenty-One" game, or a card game, is what we call *second carding*. The dealer gets so that he can just imperceptibly shove back the top card enough to reach over and pull out the second card without it even being detected. It can be detected by sound, if things are very

quiet, because you can hear it slip between the cards, but that isn't very reliable. They don't know what the second card is, but they, either by peeking—which, again, is a motion of—what they call the *bubble peek*, in which they just flip—in moving their hands back and forth, and as they get their hands covered, they just flip the corner of the card very fast, so they can see what the top card is. They just know that they don't want the top card, so, as the saying goes, they *reach for the second*. Now, the second one just gives 'em another chance. It doesn't guarantee, because they don't know what it is, and it could be just as bad for them as the first, but they've got a second chance at it. And this is the gaming business from the word go, that slight edge by taking a little of the best of it. He just adds to his odds. And generally, the odds—with volume enough—the odds that are built into the game are enough, and most every operator knows that. But, of course, in a small place, or a place that's a tourist stop, a bus stop, or anything of that nature, they just don't have time for the odds to work, and a lot of 'em—particularly in those days—a lot of places would take a little of the best of it to work a little faster.

Red hired Tom Foley as his attorney, and Tom was, and is, one of my best friends, and I think, probably one of the best attorneys he could get. In the case of the gaming, he would never take a case where he knew he had a guilty client. He'd throw it up. In fact, on two or three occasions, he threw 'em up right in the middle of the case, because something happened that convinced him that his client was guilty, and he just wouldn't defend 'em in this instance. But in Red's case, there was no out-and-out proof of anything. We had our evidence. And Tom was also a little on the redheaded side, and as much of a fighter as Red, himself, was.

Tom and I were old friends. We got in some awful hard arguments over that case. Tom defended anything with a lot of energy and a lot of ability, but Tom had trouble with Red, because he used to sit there, and—. I could see him sitting there in these hearings. And they were more informal in those days. We had just the gaming board, and the press, of course, was there. I think Ed Olsen, and Frank Johnson, and probably Bryn Armstrong were covering that one. We thought, when we came up with a nationally recognized expert, that things'd be fairly easy, but, as I say, it wasn't. But Red would sit there and watch his attorney, and pretty soon, you'd see him getting so interested in the case that he was fancying himself a trial attorney. And he'd start to pop up with some remarks, uninvited, and Tom'd shut him up, and say, "Shut up, I'm the mouthpiece here. Let me do the talking."

I can remember Frankie Peterson was our attorney. And Frank did an excellent job. I always have had a high regard for Frankie. He's a combative prosecutor, and he was just as combative a prosecutor as Tom Foley was a defense attorney. And Frankie was questioning somebody who worked in the place, or somebody along the line, and I can remember seeing Red watching him just as closely with those piercing eyes, darting back and forth. Finally, he leaned across the table, and in a very stage whisper—it could be heard all over the place—and in his twang (whether it was a Texas twang, I guess you might call it that, as much as anything else) —said to Tom [mimicking Red's Texas accent], "What're they trying' to develop nah?" [laughing] In fact, I think he got so interested, sometimes, in the case that he kinda forgot his own role in the thing, that he was being tried on it.

MacDougal and his wife came in and testified. This is something that we didn't generally do in those days, because once an

undercover operator testifies for you, you run him out. His job's done. That was another way we protected it. We did introduce their written statement of what had happened, and we introduced affidavits of people who knew them, generally somebody in the office, but at least two who testified they knew this person, who they were, they knew 'em to be reliable, they knew them to be competent. And generally, [they] also testified to the fact that of two agents, neither one knew the existence of the other, and operated entirely independently. And generally, the reports, themselves, and the circumstances surrounding it, and everything, would tie in to where there wasn't much doubt. And nine out of ten of 'em just wouldn't fight you that hard, because there's something in the crossroader's philosophy—he takes his chances, and when he's caught, and he knows he's caught, an awful lot of 'em just don't weasel out of it that much. They'll give you a good fight if they think they can. But if they know you've got 'em cold, and they know you know what the situation is, they—at least, in those days—they just wouldn't give you that much of a battle.

Red was a different guy. He was a battler from the beginning. So we had quite a hearing. When we first brought MacDougal up, he was, of course, a mystery witness, was new to the press. But, again, even in his testimony, his flamboyancy worried me. He appeared as though he enjoyed the center of the stage, and he was embellishing to make himself look real good, and like he was giving one of his lectures on the stage. And I had to work on him awful hard. He constantly wanted to take out the cards and do some tricks with 'em, to illustrate his ability.

And, of course, both he [MacDougal] and Scarne were used by the Army and Navy to check cheating games. They sent them both around to lecture to the boys in camps, and

one thing and another, to show how they could be cheated, because, I guess nobody knows how many millions of dollars were fleeced out of boys in the service by kids from the streets, and kids that just knew how to take advantage of it. And, of course, it's much easier in what they call a *blanket* crap game than it is on a crap table. Scarne, for instance, could take a pair of dice, and if you put him on a blanket game, he could make them stand up and say, "Uncle," practically, where bouncing 'em off the rim of the table destroys that. Scarne, I think, was more of a dice man, and MacDougal, of course, was a card man. But I had to work with him to keep him from demonstrating. He did get the press in the recess, and would show 'em how to deal himself four aces. Of course, he was proficient at it. He was a professional.

And we had a long battle over the thing. They came up with the records of the place, showing that the dealer that he picked as the cheating dealer wasn't working that night. And, of course, that's pretty easy to do. That didn't shake me much, because that isn't hard, particularly in a smaller place, it isn't hard to shift records so that the day off can be shown on a different day. And yet, I was convinced that he had the right man, in this instance. Finally, Foley insisted on a lineup, so they went out in the hall and gathered some people hanging around the halls, a couple of 'em pretty well-known Carson residents (of course, MacDougal didn't know 'em; we did), and they brought in a half a dozen people, and he walked over and picked this man out. And his wife also identified him as being on the job that day. And the thing got pretty hot and heavy, but we ended up holding that they were guilty.

Something that had happened in the meantime that really bolstered my feelings on it—in the testimony, one of the guys

in the place, who had an interest in it, spit out—and that's exactly what he did, he spitted out in anger where he had learned, that he knew enough about cheating games that he knew MacDougal's story was all off, and wrong. And he spit out the name of a man that we had used for a long time as an undercover operator, and who was one of the cleverest and most effective crossroaders in the business. And then everything came back to me. I remembered seeing this guy with the crossroader on two or three of his escapades, and I knew that he knew all about the business of cheating at cards, because of the connection that he'd had with this man. And I then remembered—I just visualized the situation where I'd seen he and "Doc," as we used to call him, working together, taking off a place that we were trying to observe. And I was more sure than ever that we didn't have an innocent party.

The thing went through the courts. I think there's two motions in the courts on it. We disqualified the judge, finally, on the first one, one of the few times that lawyers did actually work on disqualifying a judge. And our attorney did in this instance because of the judge's connection with the person who owned the premises at that time, that the New Star was located on. They substituted judges on us, and we lost on an unusual decision, as I remember it. We lost it in the lower courts, but the supreme court reversed it and sustained our stand.

Later on, as so often happens in cases of this kind, we also found out pretty reliably that the report that they gave, that the man was not on duty that night, just wasn't true. There was no question that he was. Sometimes the undercover men were pretty well known. They weren't known as undercover men, but were pretty well known to the dealers, and the dealers, themselves, would talk. But we

got it pretty straight, that it wasn't true, that the man *was* on duty that night.

I never did figure out, other than, again, the personality of the people involved, and of Red, himself. Red got out of the business, presumably, at least. He floated away, and the brother stayed around, is still around. The New Star became quite a profitable place, and still is. I don't remember how long they were on the ground, but—we had 'em grounded—they were grounded for a while. It was sustained by the courts. But they built up a good business in the place, and certainly wouldn't have to do anything wrong. Maybe in the early days, they did. But Red, I guess, went on his way, or—he may still be around, somewhere. I never did see him active, even after I got out of the gaming business, never saw him active in the place. But he got so interested in the case that he was interrupting and trying to help the attorney try it. Foley had to shut him up two or three times, and tell him that he was the mouthpiece and [laughing] to let him do the talking, and he didn't need him to help him. But he sure gave us a rugged battle.

I can't remember how long the place was down, but finally—I guess maybe it was after I left the gaming board that it was relicensed, and I think it's still operating. It's a very successful place of business. Like a lot of things in the gaming business, I'm not even sure that the notoriety didn't help it, rather than hurt it. I wouldn't say for a minute that after it opened up that it hadn't been run strictly legitimately, because they make better operators once they know the business. And they ran an excellent restaurant, and an excellent place, got a lot of people, and that's all they need. To get back to the old Benny Binion theory—if you've got enough people, and enough people gambling, you don't need anything else. That's why gambling and legal

gaming is essentially a straight business, is because they don't have to do anything else.

As you generally would find in all of those cases in the small towns, a very great proportion of the small town people defended them, because they bring business, they employ people. The local people—it's what I loosely term the "chamber of commerce" idea: they're bringin' business, it's good for the place, they're operating a good business. And they just find all kinds of people who would testify for them. I can't remember whether that was the case, but the local newspaper people came up and testified for them. They just don't want that business cut down. And, of course, they're very practical people. When they tell their side of the story, that they're being persecuted, whether people believe it solely for that reason, or are convinced solely for that reason, or whether they're just kinda prejudiced— but that's something we quite often fought. I think I've related, in Battle Mountain, we found a little difference there, that we got both operators in Battle Mountain one time, way back. But like a small town, it's sometimes split into two camps. We had half the people on our side in both issues, because half of them thought we were all right and defended one operator, and the people defending the other operator were just the other way around. So either way, we had half the people on our side.

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Somehow or another, I just couldn't help but feel that, maybe, because of the personality, maybe because of the type of business the man [MacDougal] was in, I just couldn't feel that the experiment, using a nationally known expert, was that good. I just never can believe that the incident happened in exactly the way he demonstrated

it. It was something that he might be able to do, as a magician, and as a sleight of hand professional, but the average dealer, as far as I could ever find out, just never works that way. They're proficient in their business, but they're not sleight of hand artists, to that extent, where these professionals are.

I don't know whether, later on, they used Scarne in a case or two, or not. I always wanted to try him, but I never got a chance. [MacDougal] was looking for publicity, because it helped him, helped his case. And incidentally, there was a *tremendous* rivalry between Scarne and MacDougal. Each one called the other one a fake, an impostor, or a four-flusher, or anything else. Scarne was very bitter on MacDougal, and MacDougal was just about the same with Scarne. Whether it was [laughing] professional jealousy, or what it was, but neither one of 'em gave the other one a bit of credit. And, as a matter of fact, I think Foley tried to get Scarne for a witness for him.

I did use MacDougal down here a little [Las Vegas]. He came back once and visited with me when he was, I think, traveling on a knife and fork circuit lecture, showing his ability. But I just felt that, while he did accomplish quite a little for us—he probably got two or three others for us at that sane swing—but I just felt that he was trying to get a story, or that he was trying to sell [himself]. And it just didn't work out the way that I thought it would.

But we tried them all, we tried the crossroader, we tried the MacDougal type. They all were short-lived. But the crossroader, himself, has never ceased to be a very interesting subject, and a very interesting character study. I think sometime, somebody should be able to write a book on 'em, because I have just barely touched on them here. I think they would put Dr. Joyce Brothers to

shame for their knowledge of psychology, and things of that nature. They just instinctively were very, very good at it. And I think it's something that always will go on, to an extent.

The main defense that we found—one of our people that worked for years as an agent in the field had developed this theory—and that's from the house side of the picture, the defense isn't absolute, the legal proof of wrongdoing of a crossroader or a person cheating is just so difficult, and long ago, operators and old-time pit bosses recognized their only, really, the only basic defense that they have is that they know everybody in the business. They can identify 'em the minute they walk in the door, and they're right on their tail. From that minute on, they've got somebody walkin' around, watchin' 'em, and tailin' 'em, all through the place. Now, I don't know whether they still use it, but one of the oldest tactics in the old days was that they'd pick 'em up the minute they came into the door, and say, "Come on, we'll go buy you a drink," take 'em to the bar, and say, "Now, look. We don't want your money, and we don't want you. to get ours. so have another drink, enjoy yourself, and get on your way. Just please leave us alone." Well, once they knew they were spotted, they quite often would do this; they'd get up and leave.

As I say, they developed the—and Doc was a master at this—they'd train somebody else that was a new face, and they'd direct 'em from outside, or else they'd go in and wander around. Doc wandered into one of these places one time, and one of our men was sitting at the bar, and the owner got up and excused himself, and said, "Excuse me, but I just see a fellow that I know is a crossroader, and a darn good one, and," he said, "I've got to watch him." So he was following Doc around the place, watchin' him. Well, that may have been a decoy. Doc may have been

decoying him out, never doin' a thing. He'd go, walk over, and play the slot machine, play it legitimately, or go play at a table, play it legitimately. And in the meantime, he might've had somebody else that he trained as to what to watch, and also, he could spot what was goin' on, spot any weaknesses, or anything else. Then they'd meet outside, and he'd tell the guy how to go about it. And this was the way they operated.

Doc let me in on a number of stories of this nature. He [said]—again, emphasizing the complete brass—there was one woman that operated quite a little while on the house side in a well-known place in a ranch town, smaller Nevada town. I guess maybe it might've been—if it wasn't the *only* place operating—maybe one of the two places in town. And the ranchers and local people played there quite a bit. He told us that she was practically blind, very nearsighted, but she had that ability, that brass, that complete confidence to brazen anything out. And he said that she used the lefthanded peek, and was so nearsighted that, he said, it was ridiculous. She'd have to expose a good portion of the card and peer at it in order to pick it up. He said he and a partner went there once, just lookin' to see what was open, what was around. He said they'd sit there and watch her. And finally, they'd start making remarks so as to let her know that they knew what was goin' on. This is somethin' that's used quite a bit, too; they'll cluck, and say, "Oh, my, my tsk, tsk. That's awful. That's terrible." And he said, "Finally, we'd keep saying these things, 'Oh, my God, did you see that? That's awful!' and," he said, "she just kept right on goin' ," and finally just slipped them the broad wink, a big, long, broad wink, and just kept right on dealin', and the farmers never knew the difference. I guess maybe they liked [laughing] her dealing, and they'd just keep on playin'.

I don't think he was working for us at the time; I think he came in and told us about it. We put some men on the deal. I don't think the proprietor knew it. We finally just had to brazen it out in our own way, which we did quite often, just go and tell the proprietor, "Now, look. This is goin' on. You'd better straighten it up, or you're going to get in trouble." For some reason or another, she always seemed to be able to spot our people. We could never get an observation of her. But he said [laughing] when they were gone, she was brazen as could be about it.

And I don't know whether I told the story—another one was [about] one of the old places on commercial Row in Reno. He said they went in, and there, they used what they call a *cold deck*, which is a deck that's stacked and that they can switch into the game. I, frankly, don't know exactly how they do it. The dealer has to be, I guess, not too sharp. But they just get their own deck switched into the game, and they know how to go through the cut so that it doesn't disturb it, or to substitute it after the cut. I never did know how they got 'em in, but they do. They get in a cold deck, and they know exactly how the deck's stacked. And he said they cold decked this guy 'til they broke him. And he said the guy finally got wise to 'em, and began to raise a ruckus, in his terms, and they just got up and got out. And, he said, the next day they went by the place, and noticed the guy had money on the table again. The game opened. Of course, it was a small game. And he said, "Let's go in and take this guy again."

The partner said, "Are you crazy? We just took him yesterday or the day before, and he knows it. He knows we took him."

"Oh," he says, "we'll use something different this time."

And he claims that he did. He says they went back, and they took him again. Now,

they didn't use the same tactics. "But," he said, "what've you got to lose? You try it, and," he says, "it worked."

But there—his analysis of that was: the dealer figured (it was his own ego that was at stake) that he could stop 'em the next time, and that he knew what they'd done; and he was tryin' to prove somethin' to himself as well, so he was watchin' for the wrong thing. But these guys knew every trick in the trade, and they were doing something entirely different. He said they cleaned him out, and this is the way they worked.

NEWSPAPERMEN: THEIR ROLE IN THE WORLD OF GAMING

I'm going to cover some of the earlier days in gaming at this point. Maybe the place to start is with some of the newspapermen, the early newspapermen that I worked with, and their role, if I can bring it out, in the development of our economy in the legal gambling picture. Now, they weave back and forth into the individual stories, but I'll cover them, basically, at least, under the topic of newspapermen, and then we'll go from there.

I think I have pointed out, when we first handled gaming in the Tax Commission, the Tax Commission meetings were so-called secret meetings to the press. They loved to sound off on any meeting they were not allowed into immediately as being a "secret meeting," and being a little bit insidious in character, which, of course, is not always necessarily true. In fact, most of the time, it's not. But the press had to just take whatever we would report to them, because when I first came to the Tax Commission, I don't know whether it was the times, or just habit, but the press seldom attended any of the meetings of these various commissions,

such as the Tax Commission. I don't know that they were specifically barred, but it just wasn't considered the thing to do. Well, this was true, also, to a degree, in the legislature. They weren't as aggressive as they are now. And I can remember Frank Helmick, or Art Suverkrup, or people like that, popping into legislative committees and covering them for a period when there was something special they wanted to cover. But a good portion of the time (I guess maybe part of the reason for that is, there was only one or two of 'em there. In the early days, there wasn't enough to go around), they only covered very special things.

The first reporters that I remember in the earliest time of legal gaming were Bob Bennyhoff, who reported for the United Press, and Frank McCulloch, who was writing primarily for the *Reno Evening Gazette*, as I remember. Bryn Armstrong, I think, came along about the time Frank left from the *Gazette*. Of course, in covering United Press, Bob Bennyhoff covered the *Nevada State Journal*, also. But the early Associated Press

people, I don't remember too much. I can remember two or three of them that covered the legislature in the early days, but they didn't take too much interest in Nevada things until Ed Olsen came in for AP, which I really think was the start of AP's better coverage of Nevada's political problems and gaming problems. Ed Olsen did a tremendous job in more ways than one. Frank Johnson also covered later on. Of course, coincidentally enough, both Ed Olsen and Frank Johnson were later chairmen of the Gaming Control Board.

I think, without question, Frank McCulloch was the most capable reporter, and best reporter, to my knowledge, that ever came out of the state of Nevada, and, of course, I thought so at the time. But later events, of course, have made that observation elementary, because Frank has gone to *Time-Life*, and was one time editor of the *Los Angeles Examiner*, I think it was, one of the big Los Angeles papers, and has attained status in *Time* magazine and *Life*, both, and, I think, has undoubtedly gone farther than any newspaperman that ever came out of the state of Nevada. Of course, it's easy for me now to say that I knew it all along, but I certainly was a great admirer of Frank's—his writing ability, and his way of handling people, and handling situations. He was able to put a very good, convincing story in such a manner that it didn't create a storm of controversy, or start a chain of events going that were controversial and stormy. This was, to me, particularly noticeable in Frank, particularly in comparing him with another gentleman that I shall bring up later, a very competent reporter, but worked in a stormier manner.

I think Frank was raised in Fernley. When he was reporting for the *Gazette*, he became very interested in what he termed the "hoods." He didn't pronounce exactly the way that I

would pronounce it, as "huds." He called 'em "huds," kind of, as you would say "who," the "whods." And he used to come around and visit with me, say, "Well, Bob, what's new with the hoods?" He was very astute. And he watched things around Reno. And, of course, in that particular area, things were moving faster right then in Reno than they were in Las Vegas, at least as far as some of the elements were concerned. And we, of course, had our share of characters at Lake Tahoe. Frank had what most every good newspaperman has, and that is good informers. He had people out that he was in constant contact with that were feeding him information. And, of course, Reno, being as small a town as it was, made it probably easier than it would've been in other places.

Frank did an outstanding job when Joseph Stacher tried to come into the Golden Hotel in Reno. And as a matter of fact, he got wind of that before it became public at all, and started telling me about this man that was going to come in and buy the Golden Hotel in Reno, and was going to take the Bank Club, which, of course, up to that point, had been one of the oldest and one of the best known of the larger clubs in Reno. Frank evidently knew bellboys, parking lot attendants, bartenders, the people who hear everything that goes on, and it's remarkable how much information can come from sources like this. And, of course, he had, I suppose, many sources that he never even revealed their occupation, much less who they were. But he kept bringing me stories about this man that was going to buy the Bank Club and the Golden Hotel. It looked as though—from Frank's observation as to what it looked like—it was going to be the very thing that we feared at that time in Reno and Las Vegas, both—and later, of course, very much so in Las Vegas—that the so-called "mob," or criminal element, would

get a place to hang out and operate in Reno. Whether the thing was ever quite as bad as it appeared to be, I would be in no position to make a final judgment on it, but I know it looked awful bad at the time, and that we were all pretty badly scared by it.

It became evident, according to Frank's information— and it was generally pretty straight—that they were putting their own employees in. They were starting a systematic buildup of a headquarters there that would probably be headquarters for outsiders (what they call “my boys” or “our people”) and we could only assume were the very type people that we didn't want.

Now, whether they were big in their field, or whether they were just hangers-on, I don't know, but sure focused the attention on Joseph Stacher. And we went through quite a hectic period in investigating in the period they were attempting to license and start this new Golden Hotel. We found out from investigation that Stacher came from New Jersey, and evidently had been associated, to a degree at least (we couldn't get any positive proof as to just the degree of his association), with those kind of people. His early record, as I remember, indicated that he was pretty much a part of the “street gang,” so to speak, and he had the usual history of people who get to be leaders in this field of organized crime. And that is, he had an early arrest record which showed that he participated in street fights, and so forth. And then, all of a sudden, the record just disappeared. There was no more arrests. Nothing on his record. Which, of course, quite often—you can only guess—is a pretty good indication that they'd finally gotten out of the class of small-timers and come to the point where somebody else has to take the rap for 'em, or they just are too high up to be reached, as a matter of arrests and record are concerned.

There was a lot of fear on the thing. Frank kept things pretty lively in the paper, and he got some help, of course, from other newspapermen. But he was the main instigator. And he kept the topic before the readers of the *Reno Evening Gazette* and the people of Reno, and never let it cool down. He just kept workin' and workin' on it. And he constantly brought information to me, what had been told, some of the little “deals,” so to speak, that they were starting to pull in the hotel, which was entirely a new policy. You have to remember that here was an institution, the old Golden Hotel, which was the political center of the state of Nevada for years and years and years. And in the days before Carson City had developed, the legislators all stayed there, and they held their caucuses there.

I can remember the old leather furniture and chairs, and the old center stairs, around an inside well, and it occupied a place somewhat like the Commercial Hotel did for a long time in Elko, when ranchers and local people from all around the state came, and they gravitated to the Golden. The Riverside was a little higher class. The divorcees and the people with more money stayed there. But the Golden was an institution in Reno, in the state of Nevada.

So now, all of a sudden, you have this sinister character apparently coming in, going to make a gambling den out of it, so to speak, and things were starting to change. Policies were changing. They were informed that—according to Frank's information—that their boys were coming in, and they had to be taken care of, and they were to be given the VIP treatment when these people come. They were rank outsiders to the usual clientele of the Golden. I can remember just one small incident: they had bought up or leased a parking lot across the street, and the bellboys

were instructed to take all the cars to the parking lot across the street. Of course, the timehonored way of handling that for many, many years, they were taken down to the Reno Garage, which was only a block and a half down the street. Frank was quite upset with that, I remember, and said all of the parking attendants were told, "Regardless of what they tell you, you take 'em across the street. That's our lot." And they were given special instructions as to what to do when their boys came in, that they were to be given the VIP treatment—all the earmarks of an entirely new type of organization.

Then, when we investigated Stacher, although we found, like in many instances, there was not too much in actual record to rely on, that he was an uneasy person to anticipate coming into Reno. It was pretty much a local [hotel and casino] up to that time, local gaming people, and it hasn't changed too much to this day—I mean, it's more of an oldtimer's town. Frank was particularly upset on this.

I'm quite sure that we never got an application from Stacher. We knew that they wanted to put in an application. I never met the man, and I never had anybody that I had more to do with. I mean, he was a specter on the horizon for a long, long time, and maybe he wasn't as bad as we thought he was. Anyway, it had the whole area pretty scared. Frank came over and visited with me two or three times, to keep me [up] with everything that was going [on]. And we began to build a case based on a lot of the information that he was feeding me. And it became pretty evident that Stacher was *non compos mentis*, as far as an applicant for a gaming license was concerned. And I can't remember whether the thing ever got to the point of an official application or not. I'm sure the facts would speak for themselves there. If it did, it didn't

get very far because we made it very plain that we didn't want him here, and we wouldn't license him.

So then the direction changed somewhat. Bill Graham, of Graham and McKay fame—or notoriety—however you want to categorize it, was, of course, an old-time gambler, goes back many years, was one of the controlling interests, along with George Wingfield and some of the rest, of illegal gaming, as well as legal gambling, in the state, and, of course, served a term in the penitentiary under the famous bunco act, as it affected the bunco steering deal in the Riverside Hotel. He was an old-time character that had been grandfathered in with the original gaming laws. And he and McKay owned the Bank Club, or virtually owned it, along with Jack Scarlett and Jack Sullivan, and some other people of smaller interest.

So we got an application in which Bill Graham was still a part of the application, but yet, it was going to be an entirely different type operation. Now, Bill Graham was an operator of a gambling club—or if you didn't live in the state of Nevada, you might say gambling den. But the oldtime, the original Bank Club, as some of those original clubs in Reno were, just strictly gaming tables and sawdust floor places and a long bar, and the local gentry hung out there as well as visitors, and it was just strictly a—. And this was the only operation that he ever knew, or had ever gone into. And now, he was supposedly a part of a refurbished, glittering Golden Hotel that was going to be a little more—or headed to be a little more—of the type operation that was springing up in Las Vegas, very definitely catering to a different clientele, catering to money people, more glitter. They were going into the floor show policy, and it was just an entirely different type of an operation from what Bill had been associated with all his life.

There was a man by the name of David High, who was coming in for twenty-five percent. Originally, I think he was proposed for more than that, but I can remember some of the last hectic times we had over the licensing of the Golden. Bill Graham presumably was giving High twenty-five percent of the operation for no consideration other than the fact that he was going to be the manager and run the hotel, the club. Now, he had been a steward in New Jersey, in some of the clubs in New Jersey, and was evidently a man that knew his business in this respect. But it appeared, at least, very evident to us, Frank McCulloch, and the rest of them concerned with it, that High was fronting for Stacher. He'd been an employee in Stacher's clubs, he'd been a steward and confidential employee; yet, he maintained he had no connection with Stacher whatsoever. And that just got to be one of the things that happens a lot, still happens. You were pretty sure the conclusion that you'd come to was correct, but when it came to documenting it [with] the facts, it's forever a problem of Nevada gaming—and fortunately, the law recognized this. When it comes to documenting it and coming up with proof, the kind of proof that would stand up in court, you just haven't got it because these people don't leave that kind of a record behind them.

We got into where it was pretty tight, because in this last application, David High didn't have any record of any kind that I know of, or remember of. He didn't even profess to be a gambler, although I'm sure he—he merely said he'd been a steward in clubs that did run gaming and illegal gaming in New Jersey, and resorts of this type, and we just couldn't believe that Bill Graham was going to give him twenty-five percent of the whole business just merely to have him work for him. But we had very little to sink our teeth

into. High kept maintaining that he scarcely knew the man. I can't remember the exact circumstances, but we did, finally, get him, in his testimony, to where we got him into a direct misstatement, an untruth, to the point it could be proven. And this was, really, all that we ever needed. Again, we were, frankly, looking for verification of a situation we were quite sure existed. So it was enough. He had lied to the commission. If he'd been in a court, he [was] in a position where you could've accused him of perjury, and have at least documented it to that extent. So we were in a good position to deny the application [even though] we were in no position to give the information that Frank McCulloch had been building up for us in things like this because it just wasn't public testimony.

That particular incident stayed with us—and, I guess, my successors—oh, I don't know, for twenty years or more. In fact, I think it just recently has died down at all. David High stayed around in Reno and maintained that he had been mistreated and maligned, and he tried to get a gaming license for—oh, I'm sure, twenty years after that. And I never saw a man with as much of an obsession on it as he had. And during all that time, he had no obvious means of support. I can remember once asking him—every so often, he'd come up with a new application. He was determined. It was quite a bit like the Kufferman case. It just seemed he'd been turned down, and he was determined he was going to reverse that. And he never ceased trying. Time after time, he'd get a different lawyer, and then they'd start after us again. He'd want an interest somewhere. He'd drum up some place that he could get an interest in, and then he'd come back, and we'd fight it all over again. And this went on from the time when they started, back in the earlier days when the Tax Commission regulated gaming, was still going when I was a member of the

gaming board, and it went on after I left the board. And it went on for so many years, and became so confused, that, of course, you got to the point where you began to wonder just how long this would hold up, and how long you should, this matter. As I remember, this was one of his constant complaints, “How long is it going to take me to live this down? How long am I going to have the shadow of that man holding me down when I want to stay in Reno”

Yet, in all of the time that I can remember, he lived well, and never appeared to have a job, or any means of support. And this, of course, brought questions that, at least, we couldn’t answer. I can remember once in the commission, of asking him how he made a living, and he said he made it gambling on the outside and making money, and that he turned it in, and offered his income tax report, showing that his income came from his gaming, in activities as a player. Yet, that brought up questions that were difficult to answer. And I know it went on long after I was off the board. He still tried to get a license. And the only thing that we had against him was the original incident that happened. Of course, there was a lot of other things that we suspicioned, that pretty much were circumstance, and developments pointed up that we were on the right track.

Stacher never completely disappeared from the picture. He came down here in Las Vegas, and for a long time appeared to be interested in getting a club in Las Vegas. Now, who the man represented, whether he represented just himself, or whether, as we thought, he was part of a group that may not have been good for the state of Nevada, is something that we just were never able to determine. Of course, he was the man that [was] featured in Louis Wiener’s famous dissertation to Louis Tabet (or Pierre La Fitte),

when he said, “Don’t you think they know that Doc is in the Sands,” (he was referring to “Doc” Stacher) “and that Meyer [Lansky] is in the Thunderbird?”* Oh, these rumors persisted for many years, although, by this time, Stacher made it very plain that he was never going to seek a gaming license. And finally, he disappeared from view, but not until he’d made quite an impact on at least the fears and suspicions of most of those of us that were interested in maintaining a good image of legal gambling, both in Reno and Las Vegas.

This all started with me telling about Frank McCulloch, but this is where I remember Frank best. He covered a number of stories, and covered them well, on gaming. But it wasn’t too long until he left for bigger things, I’m sure, as it turned out. And I think Bryn Armstrong was the reporter that more or less took his place—I mean, he’s the one I remember as coming in after Frank.

Bryn was, and is, about as knowledgeable a reporter on Nevada and gaming in Nevada. He had followed it for many years. He’d followed it as a young reporter down here in Las Vegas. He can still tell many a story of when Guy McAfee came into the Golden Nugget here in Las Vegas. And I remember one of his stories was, he got up over a transom, or something, and listened to some of the dealings that were going on between McAfee and some of the people here, and, I guess, wrote a story on it. But this was when he was just out of college, I guess, or maybe still going to school. Bryn was on the scene, and still is, in Las Vegas, as editor of the *Las Vegas Sun*; and for many, many years, was one of the better reporters in the Reno area, and one of the best on gaming matters.

However, the biggest character of the whole bunch—it’s so many years ago, there

*See Chapter 8.

probably are many stories I should recall about him in this—was Bob Bennyhoff of the United Press. And many, many times, you use the word “character” to describe a person. And I can remember many years ago observing that it was characters that were interesting, and maybe only five percent of the people were characters. The rest of them were just people, and as people, they were really not interesting. But characters are something else again, and it’s a term I’ve always used to describe a very special type of person. And of all of the characters that I’ve ever known I think Bob Bennyhoff probably had the biggest capital C.

He was an excellent reporter. And while many people—and I found myself in that position at times, although not all the time—didn’t like his tactics or his way of reporting, I think most everybody conceded that he had a nose for news. He got to know Nevada, and he knew the people, and he was a nemesis that you just couldn’t shake. In the legislature, or when it came to gaming, or anything else, if you tried to hide something, you’d better not try to hide it too far because Bob Bennyhoff was going to nose it out before he was through. He was fairly ruthless in it, to the extent that he enjoyed embarrassing people if they tried to fool him. He would enjoy embarrassing them by eventually turning up what they were trying to hide from him. He was an extrovert, an outgoing person, and he had a tendency to editorialize in a news story, and he did a lot of by-line writing. It was quite obvious, and I don’t think he’d ever deny it when he did. But, of course, those are the kind of stories that have a lot of impact on public opinion, and sometimes shape events.

Frank McCulloch was more of a straight reporter, although he loved the fringes, and the “hoods”, so to speak, and that end of it. Nevertheless, he was a different type of

reporter. He was more factual, and knew how to write things interestingly, but he operated differently than Bob Bennyhoff did.

Bennyhoff was reporting in the early days when the Tax Commission meetings were closed. He was a very voluble person, inclined to get excited, and sometimes—. I wouldn’t describe it, his manner of speech, exactly as a stutter. I think he only stuttered because he was talking so fast, and his mind was working so fast that his words were getting tripped up, in that he was trying to keep up with what was going on in his mind, and sometimes would give the appearance of stuttering a little. And the idea of the Tax Commission not permitting the press in, and this speech that I’ve just described as rather a stutter always used to come out when he’d get excited and start accusing the commission of having a secret meeting. It was always a “s—s—secret meeting.” And, of course, this expression is still being used by the press, I think overdone at times, to describe something they’re not privy to as being secret and sinister because they’re not permitted in. But, of course, in those days, things were a lot more under cover than they are today. It’s against the law to have secret meetings except for personnel sessions. And, of course, the press is still suspicious of what goes on, and what’s presumably a personnel session. They know very well that sometimes these things are discussed.

Bob would get particularly incensed at these meetings, and he’d storm outside the halls or in the governor’s office. But with his nose for news, he had a very good ability, as a reporter, of pumping people. For instance, in the Tax Commission, he knew how to pump Henry Rives dry without Henry ever being really aware of the fact that he’d given him a lot of information, because he preyed on Henry’s vanity and his pompousness and his importance as a commissioner. As I’ve said,

Henry figured that the Tax Commission was only next to God, and I'm sure, sometimes, that God didn't get (an even] break on it. He was the senior commissioner. He always used to introduce himself as "senior tax commissioner," and was very proud of this fact, and Bennyhoff knew how to work it. He would delight in particularly—and he used to love to do it with me and with the governor, particularly Governor Russell, in about those days when these things were first developed. He'd come back and chuckle in this voluble way he had, and chuckle at us, and tell us everything that went on in the meeting. And he'd say, "Now, don't ask me where I got that."

I'd say, "Look, I know where you got it."

He'd say, "Well, you may, and you may not," but he'd tell us what went on, just to show us that he could get this information.

Henry was very closely associated with the Thatcher and Woodburn group in Reno, who were in the old bipartisan machine, that, along with Wingfield, controlled the politics of the early days. Thatcher and Woodburn, at least, were their legal spokesmen, general spokesmen. And Henry, was, of course, very beholden to them, because they were, I'm sure, responsible for his holding his job, and his appointment on the Tax Commission, and many other things. They threw their weight behind him, the old machine group.

So Bennyhoff found that Henry quite often, particularly when some of these gaming things were coming up, as to people that were of interest to some of his friends, he was coming out and placing calls during recesses. Bennyhoff would get around the corner by the booth and listen to his conversation, and find out he was quite often calling Bill Woodburn to get instructions as to [laughing] what to do next [laughing]. And Bennyhoff was making the best possible use that he could of these calls. He was a devil! He had a lot of devilment

in him, and he, of course, just loved to do it, to be able to spring on people, and to show that he could do it.

He covered the meeting we had with Pat McCarran, and John Robbins, and quite a few of the people important to the party, in the Riverside Hotel. We were invited to this lunch in what was later, for a time, the new annex, the new building that was built as an annex, was the headquarters of the press club. It was right up in the second floor, there. We had this luncheon and meeting, and John Robbins and McCarran, and some of 'em were there, and they were quite perturbed over some of the activities of the Tax Commission in gaming. (And Charlie Russell was governor then.) And as I have said many times, Charlie listened to everybody, and there was a time when people thought that possibly he was being influenced by the senators (McCarran especially). But Charlie was pretty independent in his reasoning. But nevertheless, he listened to everybody. Really, there was nothing—I can't even remember—it seems to me that there was some license involved that was a bit upsetting, but there was really nothing very shocking discussed.

But Bennyhoff—when we walked through the lobby to go in there, there was Bennyhoff sitting there. Somehow, he had smelled it, or knew that there was going to be something going on. He was sitting there, and of course he'd follow us, talking to us all the time, asking if he could come. Like most newspaper reporters, he had just lots of nerve, and lots of brass in announcing that he was going to come to lunch with us, and of course, would make you say, "No, Bob, you can't come."

Then he'd say, "Hmm, I wonder what you're going to talk about."

And then when you came out from the meeting, he was there, and he'd had his watch on you; he knew how long you'd been in there,

and then he'd start telling you, "Let me guess at what you talked about." He was pretty accurate [laughing]. He knew pretty well what you—. And everywhere you turned, you'd find the man there. This was an old trick of his. He'd say, "All right, you've met. Now, let me tell you what you talked about." Of course, he naturally didn't have everything down pat, but he was very excellent at it.

The one thing that he couldn't do in his newspaper covering, any more than he could do with his writing—his motives were on his sleeve. Bob was interested in Nevada, and had good ideas. But he became a crusader for causes, and anything that he thought was a good cause for the state of Nevada. He covered the legislature, and he covered the legislature the sane way. He deviled them, he lobbied them, he worked on them, and when there was something there that he thought was for the good of the state of Nevada—. They, one time, called him the "eighteenth senator," because they said he did everything but vote, and if they'd've let him, he'd've voted. He was particularly interested in the sales tax. He saw, along with many others, that it was a necessity to come, and he saw the political environment that was opposing it, the old structure that opposed it. And not only in his writing and covering of the legislative session, but in his actual, personal presence, he'd expound on most any subject, and his opinions on it, in the hall, or in the legislative chambers if they weren't meeting, or in the anteroom or behind the gate if they were meeting. And he was loud and vociferous in giving his opinion on most everything that went on. I think there's probably more stories on him and his covering of the legislative session than there are of any newspaperman, probably, in the history of the state.

As I say, he had a faculty of being, maybe, where, from his point of view he thought he

ought to be, but where a lot of people thought he shouldn't be. The faculty for bein' in the right place at the right time, or the wrong place at the wrong time, depending on whose side you were on, whether you thought he ought to be there, or whether he shouldn't. But he was there.

He was an expert at sifting out motives, and the things that went on behind the scenes. But he always completely stormed at the Tax Commission the fact that he—and he kept working on the fact, and writing on the fact, trying to break the Tax Commission. Actually, until the Tax Commission handled gaming, nobody was really interested. It was dull, and I think this had built up, as much as anything else, just as a matter of precedent, and nobody was really interested in it, and the Tax commission was never bothered with reporters. They'd come and ask you what happened afterwards, but nobody was interested in sitting in a dull Tax Commission meeting all day in the old days, when all they were covering was valuations, or something else that really didn't interest them too much. But when they got into gambling, then all the reporters wanted to sit and listen to what was going on.

I can remember him coming to me one time, and telling me about some political things that were going on, and what was going to come up, and giving me some advice on it. He told me that an awful lot of people, including some of the pretty influential politicians in the state, had decided that they weren't going to get a license for some of these people (and Benny Binion was one of 'em) until they got me out of the way. Of course, this was the same general song that they sang in the Thunderbird incident. So Bennyhoff came to me and told me what was going to happen. And he said, "Now, John Robbins stays with you all the way, and they

cannot get around John Robbins and get you fired, because John just isn't going to go with anybody that's going to do that. But they may get you kicked upstairs. They've decided that the only way they can do this now, is to kick you upstairs and get rid of you and the thorn in their side in gaming, because there's certain people that you are continually keeping out that a lot of people would like to see licensed. So," he says, "you're going to get an offer, very probably, as chairman of the Industrial Commission." This, he said, was at that time, a better paying and better rated job than the job I had with the Tax Commission. "You've done insurance work and you know a little insurance work. It's a better job for you and they think you want it. They'll kick you upstairs for it."

And at this point, it was all news to me. And he said, "They also are going to get rid of Ray Warren down there, because they figure you listen to Ray in Las Vegas, and that both of you have to be gotten out of the way. So they're going to offer Ray another job to get him out of the way, and then when they get him out of the way, they're going to come and give you an offer for another one. And this way, they'll get you out of the picture, and they'll be able to get some of these things through that you've been blocking."

And he said, "Now, I'm telling you this." He said, "You'd better stay right where you are. We need you where you are, and I think it's a good idea. But this is what's comin'."

And, of course, I knew the man's ability well enough to know not to belittle it particularly, but I just couldn't quite believe it. And I said, "Well, I'll face it, Bob, when it comes."

And I don't think it was two hours later, I got a telephone call from Las Vegas. They told me it was coming from the McCarran machine, the McCarran group. And Ray

Warren called me, said that one of McCarran's chief lieutenants in the state had been by to see him and offered him a job. He said, "It's a better job than I've got here, and better pay." And, of course, Ray was always up against a salary problem, and we all felt that he should've been getting more money than he did, but because of the state structure and salary structure on the commission, we couldn't get him more. He said, "It's more money, and Lord knows, I need it." They were offering him a job in the OPS, I think—OPS, I think it was OPS in those days.

And all of a sudden, it began to dawn on me. He and I were very good friends, and still are. I said, "Ray, what have you got that the OPS would want?" And I was a good enough friend I could ask him a question like that. I said, "What have you got in special experience or abilities that they would want, particularly in a pretty good paying job of this kind?"

And he said, "Nothing. I don't know nothin' about it."

And I said, "Well, why would they offer it?"

And he said, "Well, I can only assume to get rid of me, and get me out. And," he said, "have you had any offers lately?"

And I said, "No, but I just left a gentleman about two hours ago that was telling me I was gonna have."

And he said, "Well, what are you going to do if you're offered a job?"

Well, if anybody had offered me the job without the background that Bob Bennyhoff had given me, I think I'd've jumped at it, because I really was kind of interested in the Industrial Commission, and it was one of the best rated jobs in the state at that time.

He said, "Are you going to leave?" And he said, "You know, if you leave, I might just as well be gone, because," he said, "they'll get me, sure, if you're gone."

I said, "I'll tell you, Ray, what you do, if you want to stay.

He says, "I'll stay if you do."

And I said, "All right. Then I'll tell you what we'll do, Ray. We'll just both stay. And they can just—if they want to take me by the seat of my pants and kick me out, why, that's the way they're going to have to do it. They're not going to kick me upstairs, now that I see what their plan is."

And he said, "Okay, that's good enough for me, and if you'll do it, I will."

So he turned down the job. And I have to say that I was never offered the job as chairman of the Industrial Commission, so I don't know. But all of the other events were true, and all of a sudden, everything quieted down, so I only have to assume that Bennyhoff had it run down straight. I made no secret of the fact that I was—at that point, and Ray didn't either. He turned down the job, and just said we were going to stay, and that ended it. So I have to assume that Bennyhoff had pretty well dug out the background, and knew what he was talking about, as quite often he did.

When we came down to Las Vegas on the final hearing, where Benny Binion got his license, which was held in the old federal court chambers in the old post office building, Bob Allen was on the Tax Commission. Of course, Bob had his own way of handling things, which was not always the most diplomatic way in the world. But Bob was chairman of the Public Service Commission, and therefore, he, at that time, had the Highway Patrol under his jurisdiction.

So Bob was talking to me and said, "Bennyhoff's coming down there, and he says he's comin' to the meeting." Of course, Bennyhoff announced he was coming into all the meetings. He was delighted when you locked the doors on him and threw him out, 'cause he was a crusading one.

Bennyhoff had decided he was going to get into this meeting, so we went into the meeting, and Bob stationed a great big highway [laughing] patrolman outside the old doors of the federal court chambers. He stationed him at the door and said, "Now, once we get in here, don't you let anybody in here." And Bob Bennyhoff came hustling up the stairs and bustling his way into the room, and just bumped into [laughing] this big highway patrolman—I guess his nose about hit his chest buttons—looked up to him, and just was gettin' red in the face, and the guy said, "I'm sorry, but you've got to stay out here."

He said, "There's a public meeting goin' on in there, and I want to go."

The highway patrolman said, "Sorry, but you're not going in there."

There was a little small window on this swinging door that you could look through. And I can remember all through that meeting looking out there, and seeing Bob Bennyhoff's face just framed in that window, just vivid red. He was just as mad as he could be and just sputtering and talkin' all the time. I thought he was going to bust a blood vessel. And watching everything that was going on, but of course, he couldn't hear us and he was just frustrated. I wouldn't've been surprised he was even kickin' at the door, although I didn't hear that, if he did [laughing]. But he was certainly one mad reporters

When we went home on the plane, he delighted in comin' down and sittin' with us, and, "Now, do you want me to tell you what went on at that meeting?" And he did. He told us pretty much what had gone on there, and then just chuckled and laughed and sputtered at us because he said, "You might keep me out, but you can't keep me away from the news."

Well, of course, we knew where he got it and how he got it. I wouldn't say that he knew

every detail of it, but he knew pretty much what had gone on there.

And I think that was about the end. I think that was about the beginning of the end, or the end of the beginning. But anyway, it was very shortly after that, that we finally saw the handwriting on the wall, broke down and announced that the press could attend our meetings [laughing] from here on out.

And he was the first one to come and tell me—I think I’ve recited this somewhere in my story, about the \$25,000 check that was presumably running around. I hadn’t heard a thing of it, and he came and told me the whole story, that somebody was shaking this check. My first indication of it was from him. How he picked up this information—he picked it up at the bars, he picked it up in the lobby, he picked it up sitting around listening. He seemed to work at his profession about twenty-four hours a day, but he had a faculty of creating a storm around him. And any time he got associated with anything, why, things got to be pretty stormy weather. And he could incite people to wrath, or at least get ’em upset. He did this with the legislature. Yet, there was something about him that everybody liked so much, and he had a likable way about him. But finally, they just passed it off. If anybody else had done it, they might’ve thrown them out, but if Bennyhoff did it, it was just a part of his image, and a part of his character, and they accepted it as such. As I say, the senators used to kid him by asking him when he was going to vote in the senate, and he’d tell ’em any time that they got ready, that if anyone wanted to give him his seat, he’d go in there and vote [laughing]. And they knew, probably, that he would’ve.

He was allowed into the meetings (and they were always held in the governor’s office). He’d go over and sit in the governor’s

chair when the governor was sitting at the big, round table and holding the meeting, and just chatter constantly, writing notes, stopping—right in the middle of procedure—stopping and asking questions, making caustic remarks. And he’d actually get to the point—actually and literally—where he sat behind the governor’s desk, and he’d pick up the telephone, put [in] a call; the telephoned ring, and he’d answer it, and [laughing] tell ’em, “No, Charlie isn’t here. He’s conducting a meeting.” Or he’d say, “Charlie, so-and-so wants you [laughing] on the telephone.” This couldn’t’ve happened in any other state in the world. It couldn’t have happened with any other two people in the world, but Bob Bennyhoff and Charlie Russell.

Then he’d sit there, and he’d put his feet on the desk, and start chattering. And I can remember once or twice of Charlie very gently saying, “Bob, take your feet off the desk. I don’t put mine on there” [laughing]. But he’d sit there, and chatter, and ask questions with his feet on the governor’s desk, sittin’ in the governor’s chair, and just enjoying himself no end. And as I say, if anybody else had done it, they probably wouldn’t’ve even opened the door to throw ’em out. And when Bob Bennyhoff did it, it was just Bennyhoff. That was accepted.

I think he came back after one tour of duty in Korea, during the Korean incident. I had quite a fondness for him, because as I say, I understood him and knew what to expect of him, and he was loyal to his friends, too. But I can remember somebody telling me, “Well, do you know what happened to your friend, Bennyhoff, when he got into Korea?”

And I said, “No.”

They said, “He got run over by a jeep.” And I said, “I’ll bet he didn’t get hurt.”

They said, “No, he didn’t get hurt. I guess the jeep went to the repair shop, but he was

back on the job reporting after a couple of days.”

And I said, “That’s Bob Korea, or anywhere else. [Even] if he has to get run over by a jeep, things aren’t going to be quiet around him” [laughing]. Maybe that’s the best description—he loved things best when they were in an uproar. And quite often, when you looked behind it, he was the one that started the uproar in the first place.

But he was controversial to the extent that there were many people who didn’t care for him, and would blame him for a lot of things he didn’t do. It wasn’t possible to blame him for too many things that he didn’t do, because somewhere along the line, he probably did. He knew how to needle people, and he took a delight in needling, particularly politicians. So he had lots of people that either didn’t care for him, or were just downright enemies of him. But even those who didn’t agree with him, or who might not have liked his methods or what he stood for, I don’t know of any of ’em that, when you backed ’em right down into a corner, wouldn’t admit that he was a capable news gatherer, and had a nose for news, and a sense for news.

Ed Olsen covered about the same time that Bennyhoff did. Ed was an extremely capable reporter. I don’t think that the state of Nevada ever had a better reporting group than they did in the time that Bob Bennyhoff, Ed Olsen, Bryn Armstrong, and later, Frank Johnson covered the gaming incidents. Of course, typical of newspaper reporters, they were highly suspicious of boards, or commissions, or the Gaming Control Board of hiding things from them. They were constantly looking for what was behind the news, for what the background was of incidents that might not be apparent on the surface. I’ve said many times that I seldom tried to fool one at all, not so much that I wouldn’t have liked to do it at

times when I could’ve, but because I knew I’d never get away with it. Of course, I never did feel that you should conceal things from the press, but there are things that go on that you can’t discuss with the press in any kind of a public job. But these men were experts at ferreting out these things.

Ed Olsen later became, I think, the best chairman of the Gaming Control Board that Nevada ever had. He served in a different time than I did, but he served in a very crucial period. And I used to—in fact, still do, when I get a chance —used to kid him about the things that he was able to get away with, as far as the press was concerned, that I never was, because as I always told him, “You didn’t have a Bennyhoff, and an Olsen, and a Bryn Armstrong watching you. You’ve got younger people that aren’t the old wiseys that you guys were.”

I don’t think there was any group quite like them in covering the news, and, of course, because it was an extremely sensitive time, and extremely sensitive area, with a newsman’s sense of the importance of things, in sequence and in history they realized what was going on around them. They realized that it was a historical period, and they contributed a lot to it, both affirmatively and negatively, in getting things out that belonged out, as a matter of issues. And they were a very, very capable and astute group of individuals.

THE DEVELOPMENT OF GAMING IN LAS VEGAS

Most of the real struggles, most of the growth, and I think the determination of the direction of the growth of Las Vegas came during the Russell administration, the eight years of that administration. Perhaps we'd better go back to the beginning, as I remember it, and trace it up from there.

Of course, part of the original history of Las Vegas was before I got directly connected with it. I do remember at the time that we got into the gaming picture in 1945, that it was beginning to develop, and the history of the places there was quite new, and quite well known. But most of it was really [about] places I would have to give from what was told me at that time.

I believe the El Rancho Vegas was the first real trend towards a luxury place. It was, of course, the ranch type, type that always remained. I believe it was built by a man by the name of Tom Hull. I ran into Hull a little later in Reno, in development of the Golden Hotel (a short, abortive effort there) but, of course, that was before we were involved with it on a state level, and we just have to rely on what

we were told at the time. It had developed into quite a very nice place.

I was told by one of the old-timers that it was started on an investment of about \$25,000. That seems rather hard to believe. The man was intimately connected with the operation and in Las Vegas at the time that it was built, during the war, as a housing project. Cottages were put up, and loans were obtained to put it up. Now, how accurate that estimate is, I don't know, but I'm quite sure there must've been something to it, and that it was originally started on a very low capital.

The next place to develop, and one that was very interesting to the history of the Las Vegas Strip and of gaming, the first real Strip-type place, was the Last Frontier. And when it went up, it not only justified its name, but it was the last word, as far as those of us who had been in Nevada, and the local people around here. And, of course, I was in the north at the time, but coming down here quite a little. We didn't think anything would ever surpass it in luxury. It was built by the Griffiths from Dallas, Texas. And Bill Moore,

who later served on the Tax Commission, and who has been mentioned frequently so far in my narrative [as to] his importance on the Tax Commission, came out, and was its managing director. What the connection with Bill Moore and the Griffiths was, I don't remember ever directly asking him; whether it was a relationship by marriage, or whether it was a relationship of his, I don't know. Bill said that he was an architect—trained as an architect in Dallas. And, of course, the Last Frontier, as far as Las Vegas is concerned, or Nevada is concerned, was Bill Moore at that time, and Bill Moore was the Last Frontier. They were just inseparable, and no one else really figured in it. He was the dominant figure, he managed it, he directed it into the most successful place at that time. It was just considered fabulous.

The Griffiths, I believe, were in the theater business in Dallas, and I think they had quite a bit of money.

Bill told me that he arrived in Las Vegas on December seventh, 1941, Pearl Harbor Day, that he heard about Pearl Harbor on the radio, driving into town, when they were coming in, planning the Last Frontier. It was put up in probably better taste than any place before or since in Las Vegas, and of course, it was put up in the atmosphere of the old West (and I think that was their slogan, "Where the Old West Really Lives"). I remember they picked up a lot of old bar equipment, beautiful furniture and equipment from the old Arizona House Saloon, and it was just tastefully done. The Roundup Room had steer horns around it, and it was done in dark paneled wood, and even though it was fairly large (large for that time) they managed to maintain the intimacy and coziness of it. I think the locals almost flipped over it. It was just considered the place to go, and the thing to do.

They were very good to the local people, very considerate of them. They catered to them, although they got, of course, lots of outside and tourist trade. This was operating in the later days of the war. I don't know how that was managed, but it was. Bill Moore, of course, was well thought of by the local people, he was a part of the local community, and it was a completely satisfactory operation, and I'm sure, a money-making operation at that time.

They probably introduced the star policy in Las Vegas. It's the first time I remember of real big stars, which were kind of mouth-opening to all of us at that time, being booked and brought in, although some smaller places were bringing in some star acts. The El Rancho was a reasonably good competitor, but it wasn't in the same class as the Frontier.

One of the things that was so noticeable about it—and most anybody that came into it noticed—it had an atmosphere about it, a smoothness about it, that I've never seen quite equaled in any other place. The Desert Inn managed to come pretty close to that, although it was a larger and more ornate place. But you had the feeling that it was a smooth-running operation, and everyone in there was happy with their work, from the bellboys on up. It just had an atmosphere of smoothness, and efficiency, and pleasantness that just hasn't been surpassed. And I can remember many, many people remarking on it.

It had a rather unusual layout. Maybe it was done on purpose, but it just didn't seem quite right for the design of the building. I believe it was the Roundup Room, the main bar and room that I've just described on the south end. The building was a long, rambling one-story affair, done in the Western motif. The showroom was in the middle, and elevated, and you had to go up a step or two,

as I remember (that may have only been on one end, or on some little place). Then the lobby was on the other end, so that to go to the room where everybody ended up in the evening, and from the lobby, you had to cross through the showroom. And it's quite unusual. It was a large showroom for the time, and luxuriously done. But people hesitated, of course, to go through in the middle of a show, and I suppose there was some restriction on it, but I believe, even then, there was some traffic back and forth. Otherwise, you'd've had to've gone outside of the building, and around, and down to the other end to get into the bar. But it was just a beautiful operation, and the top place in Las Vegas.

Now, there were other places that were going up, but not in the class, not hotels in the class. Horace Heidt, I think, put in the place where the Shamrock is now, on the corner of Bonanza Road and Main. It was really a luxurious motel with a good motel-type operation, with a nice bar, and some fairly good entertainment. And, of course, Horace Heidt was quite well known as an orchestra leader at that time on radio. But it never was a completely successful operation. I can remember some starts going there. Maybe they were induced to go there by the people interested in it.

The thing that used to just completely flabbergast the poor country people from up north, when we came in there, was— and I suspicion now it was overdone a little bit—we heard practically all of the movie stars being paged on the telephone page. And it appeared to be quite a fad. The minute you'd come in, you'd hear them all being paged, paging Clark Gable, paging all of the top stars. I noticed this in this little place of Horace Heidt's when we went in. And they paged all of the big, well-known stars. It was a kind of a breathtaking

experience, because they were kinda far away for Nevada people at that time. And to think that they were in that hotel and being paged on the telephone, I suspicion that a lot of 'em weren't. I remember, and particularly in Heidt's place, I listened with a great deal of interest and was quite impressed by it, but when they paged the Andrews sisters on the telephone, I began to wonder if they hadn't just instructed [laughing] the girl at the telephone to keep calling pages of the big stars.

Of course, when Wilbur Clark went into running the El Rancho, he was an operator. He was an Operator, (with a capital O, and he kept the El Rancho in good competition. He opened a place downtown called the Monte Carlo. And I look back on it now, it was a very small place, but we thought it was just the last word in luxury, just never seen anything like it. It was on the alley between Main and First Street—I think it's since been a little slot machine place, and probably absorbed— and was between the Golden Gate Club and the Pioneer Club. It was located right on the alley. I don't think it had a twentyfive, thirty-five-foot frontage, but, oh, it had luxurious carpeting and done a little bit gaudy, but we just thought it was out of this world.

Of course, the downtown places had thrived ever since the Boulder Dam construction days, but they remained in character, as the Reno places, the Bank Club and Harolds Club, and places as that. They were catering to the masses, and people of that type, and weren't striking in any way.

Right after the war ended was when the Flamingo started to go up. It may have been planned prior to the closing of the war, but the construction was just starting at the end of the war. And, of course, rationing was still in effect. Household goods or building

material had to be bought on priorities. I can remember that it created quite a furor in Las Vegas because veterans coming home from the service and trying to build, or trying to find places, or trying to find material to remodel, they found bathtubs and basins, all of that kind of material, under rationing, and they couldn't get it, and then they'd go by there and just see hundreds of them stacked up in the lot where the Flamingo was building.

The townspeople took it quite calmly, and rather bragged about the fact that, "that fellow from Murder, Inc. has come to Las Vegas and is going to build the most fabulous place that anyone ever heard of. It's going to put the ones here to shame. It's going to be the most luxurious thing anybody had ever seen." But it never concerned them at that time, the fact (and it finally began to come out) that it was the famous Bugsy Siegel. The only attitude I ever got out of the town at the time was, "Hooray He's going to bring money into the town."

Of course, I don't think the growth had gotten to the point where infiltration by undesirable interests, or the so-called "hoodlum" interest, or anything else, was being worried about. Only thing anybody was thinking about was growing, and growing as fast as they could.. Anybody that invested money was welcome.

The Flamingo continued construction. It was opened shortly after we got into the picture, in 1945, July first, I think it might've been. It must've been opened around the latter part of 1945 or early '46. Of course, it was done on an entirely different basis, style, than the Last Frontier, not the same quiet taste, and the same old Western flavor. It was big, it was gaudy, it was luxurious. But, of course, it exceeded anything that had ever been brought into Las Vegas in luxury.

The Frontier was still operating with their old West theme. They had stagecoaches, and they met the trains and the planes with stagecoaches. They had lots of help in Western attire. They had a stable in the rear, and they featured horseback rides into the desert, and cooking steaks over the open fire, and things of that nature. And the El Rancho was, of course, the low cottage type, the ranch type construction, and again, it didn't emphasize the old West flavor, as the Frontier did, but it was done in the Western tradition. And it fit into the Nevada picture as we knew it then, and as people expected it to be when they came to Nevada.

Of course, the Flamingo was an entire change from that, as I have said. There were a lot of stories about Bugsy Siegel. His name was Benjamin ("Don't Call Me Bugsy") Siegel. He evidently didn't like the name of "Bugsy." A lot of people remember him with affection. Like all of those people, he was good to his employees, he was good to his friends. It didn't cater to the local crowd, as the Frontier did, and I don't believe, in the early days, at least, took a lot of patronage away from the Frontier. But it was the "in" thing, of course, to do, to go to the Flamingo, as it was the newest in Las Vegas. Some of Bugsy's escapades in the wire service was supposed to've been the cause of his unfortunate demise later in Hollywood. Nobody made any bones about the fact it must've had Mob money in it, and lots of it. We put them under bond when they first came in, as is still done in new places, because the main tax is based upon their revenue of the previous quarter, and when they start, they have no previous quarter. So they have to operate under a bond until they have obtained a full quarter of operation. And then they double their payment of the original quarter. Thereafter, they're always paid in advance, as the license fee should be.

So we had the Flamingo under the bond. As I remember, the bond was [about \$2,500 or] \$5,000 in the first law.* And, of course, that looked like a lot of money when they drew the law in '45. And then we began to get rumors that the Flamingo was in trouble, and was not paying its suppliers. I wouldn't give as much credence to it today, or I wouldn't've in later years, because this was, for many years, the normal pattern of a place opening. But we were beginning to get concerned. And I woke up in my little office in Carson City to the fact that that \$5,000 bond was probably woefully inadequate. He had placed the \$5,000 bond, and when it came time, after one full quarter of operation, to pay his tax up, and to pay the fee in advance for the following quarter, it was apparent that \$5,000 just wasn't going to cover it. I got terribly concerned, because this was the first real notorious place, and it was attracting a lot of attention. It was a lot of money, in our way of thinking in those days, and if we'd've lost it, I was afraid I'd get blamed for the state losing the money.

By this time, people were beginning to be a little in awe of Bugsy. His reputation was creeping a little more. More was being heard about him. You know, it's one thing to just say, "Well, that big fellow from New York, that fellow out of Murder, Inc., is going to be here, and he's going to spend a lot of money," and then pass it off. But if you read Murder, Inc., or read some of the stories that were connected with that era, then it begins to send shivers down your spine.

This bond business was, and still is, a very difficult thing to explain to an average person. I don't know that I should try to explain it here, but just basically; the person starts, and the tax is based upon their previous quarter's gross revenue, and [since] they have no gross revenue, they put up a bond. After they have been under one full quarter of operation—if

it was a part quarter, they just paid for the revenue of that part quarter. When they got a full quarter, that became their base quarter. And then they paid twice. They paid for the quarter in arrears, as a percentage of the gross business they've done, and then they paid the same amount, because it now became the percentage of the previous quarter for the quarter in advance.

We had an awful time explaining this to people. The only way I could figure to explain it, that began to work at all, was to tell a person, "Well, it's just like paying rent. If you go to a landlord, and he says, 'I want a month's rent in advance,' and you say, 'Well, I haven't got the rent in advance, but in a month, I will have it, I will pay it,' at the end of the month, you owe him two months. You owe him for the month in arrears, and you owe him for the month in advance. From then on out, you're always in advance."

So I sent Dewey Ebert out to tell Mr. Siegel that he hadn't paid his double tax. I knew it was in excess of his bond. (And we'll have to look up the figures. I can't remember whether that initial bond was \$2,500 or \$5,000, but anyway, it was woefully inadequate.) [Dewey was] to explain to him we had to have it, and we had to have it right away. He was quite a little in arrears. See, they weren't required to report until the twenty-fifth of the month following the end of the quarter, which meant that he had now been in operation for four months. And before you really got into negotiation with 'em, they were well into another quarter of operation. If they were going to go under So I sent Dewey over there, and I told him, I said, "Now, just don't take any back talk from him,

*The bond was based on a percentage of expected gross revenue. See Stats. of Nevada, 1945, Ch. 248

and tell him that we've got to have that money, or we're going to put him out of business. He hasn't got any license." Of course, when you start figuring the machinery of trying to do that, why, of course, we were bluffing a little, but theoretically, we had that right.

Dewey was an ex-policeman, and was working for me in the use-fuel department, and he figured very prominently in the "zoo" picture. We didn't have anybody working down here in the gaming business at that time. In fact, at that particular time, until Reese Turner came to work, I was the gaming division all of the way through, what time I could devote to it.

So Dewey said, "Okay." And I'm sure he was a very quiet unflappable individual. Dewey said, "Okay," and went down. And a little while later I got a call from Dewey, and he says, "Bob, I'm here, trying to explain to Mr. Siegel and his accountants, but I can't explain it to him. He doesn't understand it. He refuses to give me a check.

So I said, "Well, did you explain to him about how it works?" Well, of course, Dewey wasn't really a part of the gaming division, and he probably didn't understand much better than anybody else did. So I tried to prompt him a little, and tell him what to say, and he said, "Well, now, let me put the accountant on the phone. You explain to him." I can't remember who the accountant was, chief accountant.

So I explained to the man very carefully, largely in the terms I have just done. So finally, the guy listened to it, and he said, "Okay. I understand. Wait a minute," and then there was a long silence. Finally, he came back, and he said, "Well, Mr. Cahill, I understand. You know what you're explaining to me, and I understand it. But," he said, "Mr. Siegel doesn't understand it." (We get back to the old Bob Bailey's dice story again [laughing].)

"Mr. Siegel doesn't understand it. Maybe you'd better talk to him."

So I said, "All right."

I wouldn't know how to describe his voice, other than it was very breezy. This voice on the telephone said, "How do you do. This is Benjamin Siegel talking. What're you talkin' about?"

So I went through the rigamarole, trying to explain to him, and I was making no progress with him at all, and both of us were getting a little madder all the time. And I had the distinct impression that he wasn't trying to understand. And he said, "Well, I'll pay it. You know this place has got lots of money."

I said, "Well, that's what I understand, but I haven't seen any of it. And you're in arrears with us, and you're going to have to pay it."

"Well," he said, "what'll you do if I don't pay it?"

And I said, "Well, we'll revoke your license immediately." (It wasn't quite that easy, but—.) I said, "You have to have a license to be in business, and we'll just jerk it."

And he says, "You wouldn't dare do it."

I said, "Well, maybe you better try us. There's no question. You owe us a license fee."

And he says, "I'm going to pay it, but I'm going to pay it when I understand it."

"Well," I said, "when's that?"

"Well," he says, "it's going to take me a little time." He said, "Let me talk to my accountants, and I'll figure this thing out, and I'll be in touch with you in a few days."

And I said, "Nothin' doin'. We're going to have it, and we're going to have it out right now."

"Well, just—I'm not going to do it." We were both beginning to get a little bit mad. And so finally, he said, "Well, I'll tell you what I'll do." (I'd told Dewey not to leave 'til he had the check in his hand.) He says, "I'm not going

to give a check to this man. How do I know who he is?”

“Well,” I says, “I’m telling you who he is. I know him.”

“Well,” he said, “I’ll mail it to you.”

And I said, “That won’t do. I’ve got to know, before he leaves there, that that check’s in the mail.”

Well, we finally compromised on the basis that Dewey’d stay there long enough for the accountant to explain it to him, and he says, “I’ll put it in the mailbox.”

I said, “All right. You put it in the mailbox,” but I told Dewey, I said, “You go with him, and see him drop that in the mailbox if he isn’t going to give it to you.”

Well, that was the way it ended up. By this time, as I say, the tempers were—I know my blood pressure was pretty high, and I’m sure his was. I could tell by the way he was screaming into the telephone, and I guess maybe I was screamin’ right back.

Dewey just said, “Bob, forget about it. I’ll take care of it,” in his quiet way. Whether he ever went with him, I don’t know. But we got the check, and we got it in due time.

I do remember I must’ve been pretty red in the neck by this time. My blood pressure was up, and so when I hung the phone up, I can remember Renee Dubbins saying to me—she was the secretary for us at the time—and she said, “Oh, boy, were you mad!” She said, “You didn’t seem to be afraid of him at all.” [Laughing] And I said, “Who’s afraid of Bugsy Siegel over the telephone five hundred miles away? But think of poor Dewey. He was there, right under the gun [laughing]. He’s the guy that ought to’ve been afraid. But,” I said, “I was five hundred miles away. I didn’t have any reason to be afraid of him.”

That was the only brush that I ever had with him. I had a little bad day or two,

wonderin’ if the check would clear, but it did. I don’t remember of them getting into—oh, they got into the usual problems of suppliers, and bills, and so forth. But as I say, for many, many years, that wasn’t unusual at all. A new place starting, they always required more money than they had anticipated. The expenses piled up, the cash flow didn’t come in as fast as the expenses, and it was a very common affair. Many of them, of course, it was a shakedown period, and places were always overstaffed and inefficient, and a lot of money wasted, particularly in a large place of that kind.

The real shocker came when Siegel was murdered in his Beverly Hills home. Then again, when it became so much in the headlines, the newspaper began to recount his previous background and exploits, and I think it started to drive home what, up to that time, had been pretty much a casual remark. It was like me being afraid of him five hundred miles away. New York was three thousand miles away, and so, “He was a gangster—” and that was where it ended. But when this thing began to scream in the papers, people began to get nervous. And I really think that was the big element that kicked off the state control. I know that’s when Bill Moore began to get concerned, and people began really finding out that they’d probably gotten a little more than they’d bargained for. They’d gotten a big, beautiful place, but also, there were problems that probably [were] going to start.

The next real big place to start, and that created a lot of interest, was the Desert Inn. Wilbur Clark had a sign up on the property where it’s now located, and had actually built some walls, and got just that far. There was evidently some footing and some walls set up, and a big sign, saying it was going to be Wilbur Clark’s Desert Inn. And then it stayed.

Wilbur was a promoter. He spent lots of money. He spent money he didn't have. He managed—always seemed to raise it, and he had very big ideas. And it was no secret, he'd run out of money, and there it stayed. I can't remember how long, but I can remember, for some time, seeing these walls up on this property, and the sign, but that's all. He was looking for capital.

We first began to get rumors to the fact that Wilbur had gotten some support, and was getting in some Cleveland money. And, of course, it was referred to, as it was for many year, the "Cleveland mob" coming in here. This is going to be a real big thing, "They're going to take over the town, and you're going to have real Mob rule from this point."

Now, by this time, Las Vegas was pretty jittery. Somewhere in this era, was probably about as jittery as I ever saw it. I'll never forget coming down to the town. It was about Christmastime, 'cause I can remember the Christmas ornaments across the street [probably Christmas of 1949]. I stayed at the old Apache Hotel, and the town, I believe, was in about as big a turmoil, with the nervous jitters, at least, as I've ever seen. An acting chief of police had just taken his own life in that garage, and evidently had cracked up, because he barricaded himself in, with guns and protection, and was screaming that "they" were after him. I don't know that he, in his screaming, defined who *they* were, whether he said the hoodlums, or anything. But that was the natural assumption, that he'd gotten too far involved, and the hoodlums were after him. And I guess it created quite a furor. He was barricaded there for some time, as I remember the story, and then took his own life with one of the guns that he had there.

Well, on top of the other jitters that had been brought by Bugsy's demise, and some of these things, I don't think I ever saw the

equivalent. I can remember old P. O. Silvagni, who built the original Apache Hotel, and whose unusual dialect of pronunciation was a source of never-ending wonder and amusement to the local people, with people gathered around him, saying, "Blooda isa gonna run into the streets, blood isa gonna be runnin' in the streets." Everywhere you would get, people were whispering in corners, and, of course, I could detect it better than a lot of people, I suppose, 'cause I knew and talked to a lot of people around the business. The expression that I used when I went back to Carson City, I said that, "I think that most of the real concerned citizens, if anybody'd've jumped out from the alley and said, 'Boo' to 'em, they'd've probably fainted on the spot, or done something worse." But it was, it was a tremendous furor.

I believe, as I was told later, that actually, his problems had stemmed from some counterfeiting problem, that he had done something in his official capacity, arrested somebody, and then found out that he'd made a false arrest, or something. But anyway, it was [laughing]—it certainly didn't justify the furor that it had created, I'm sure.

But now, the Desert Inn was just a little more of the sane, and we began to hear strong, strong talk of the Cleveland mob was going to be in, the Mafia (which is, of course, a very loosely-used term), and they bought out Wilbur Clark. Wilbur was going to be nothing but a figurehead. The Mob money was here, and this was it. As was customary in those days—and this was a problem that has always been with the gaming control boards, or the people that are responsible for it—the place was rapidly going up, and money was being put into it. And people didn't apply for a license until most of the money was committed, and of course, the loans were committed, and it was sunk, and maybe a

couple of months before it was ready to open, why, then they'd apply for a license.

We began to investigate it as early as we could, and began to find out who the people were. As I remember, the first official approach we had was from E. P. Carville, who had been retained as attorney by 'em. This was the start of a practice that went on all the time I was connected with gaming, and may go on since, but it was particularly true of outside people coming into the town, not knowing what they were facing. They chose a person for their political influence, or background, far more than their ability as an attorney. I mean by that that many of these people didn't have good attorneys, but nevertheless, the emphasis was always on, "How much good can he do for us? Who can he talk to?" and so forth.

Of course, I don't believe that they ever—the Desert Inn people, and probably others after 'em—ever concealed the fact that they were loaded with ample legal talent in their own home town, and their own place, and this, they didn't worry about. The thing they were doin' was to get an attorney that could best get a license for them.

E. P. was extremely ethical in a position of this kind. I never saw any evidence of him using any political influence, or anything else. He, of course, knew everybody. He brought them over and introduced them to me (I know the first conference that I ever had about them), and had come over and talked to me about it. Actually, his son, Ted, did more of the legal end of it (he was in the firm with his father) than E. P. did, I'm sure.

We began to run down the people involved. This was one of the first connections that we had with Virgil Peterson, who was director of the Chicago Crime Commission. He was, I think, really, the beginning of the real crime commission setup, and he'd

done a lot of good in Chicago. And he had been retained by Chicago people who had the same general concern when the Capone people took over, and when it appeared they were under Mob rule. And I guess it still operates on that basis—to offset and watch the development of crime, and try to keep it down. Of course, since, there's been many, many crime commissions in all of the larger cities in the country.

Besides being a good investigator, he was an ex-FBI man, and had built up a lot of his reputation as being one of the men assigned to the Dillinger case. Now, Virgil wasn't the type that one expected to see in an FBI man that had run down a gangster like Dillinger. He was small, and quiet, very soft-spoken, and you never would place him as a tough police officer. Of course, he was very frank. Really, he had a lot of ability as a writer, and he has written, and did write books. I know I have one book that he gave me. I think he liked writing better [laughing] than he did crimebusting. I got to know him quite well. I brought him out here, one time, [in] the early Tax Commission days. He admitted to me that he hardly knew how to handle a gun, never packed one, and he told me that people thought of him, because he was on the Dillinger case, as being a pistol-packing, shoot 'em out—. That was the reputation those days the FBI was building up, with Dillinger and "Baby Face" Nelson, and so forth, the shootouts. And he said he was in on the case, but I'm sure he was in on the planning, and probably directed and consolidated the operations by telephone, and things like that.

He sent us a letter that was a masterpiece of literature, and painted in the darkest terms the shadowy world that they operated in, and so forth. It was enough to scare the life out of you. It was a well-done literary piece of

work. It was about a three-page letter. So we developed a lot of concern.

Then we began to get ready. We got fingerprints, and one thing and another. And we found out, that, of course, the operators were Cleveland people. They operated illegal gaming clubs and very fancy clubs in Cleveland, and in Kentucky, in Covington, Kentucky, across the river, when it became quite famous as an illegal gaming spa—luxurious places. Of course, we were getting all of the clippings that had ever been written about them. We found out that Moe Dalitz, Morris Kleinman, Sammy Tucker were the main operators, were the same people that had operated the Beverly Hills Club in Ohio, in Cleveland, and had operated the—I've forgotten the name of the club—a club or two in Covington, Kentucky. And oh, a man by the name of Thomas McGinty, who was a very wealthy man, but a very hard man to get any rundown on. McGinty ran the Mounds Club in Cleveland, which was probably the most luxurious of them all, and evidently, ran it by himself, not in partnership with these other people. These people, together with a man by the name of Lou Rothkopf, the four, primarily, and the people that worked for them, had run these places in Cleveland for a long time.

We found nothing unusual in their FBI records, nothing more than a normal record of people who were in illegal gambling. We were already startin' to run into this problem, now. We were starting to bring people out here who had run illegal gambling places, and, of course, they had some brushes with the law, because they were operating outside the law. And people that were coming to Nevada were not, as I used to say, bishops of the church, or pillars of the community. They were people who were gamblers. That's the reason they came out, and built, and spent millions in

a gambling place, and knew how to run the gambling business.

I'll never forget the first group. I started holding back, holding up on the license, telling 'em we weren't ready. And we were startin' to get pushed a little because it was getting closer, the time of opening, a common occurrence, then and later. I was looking for something to try to stall it. About the only real record we [had]—Morris Kleinman had served a term, a short term, for income tax evasion. But the income evasion was charges that happened to the best people. And the only thing that we could find out about that was that they were all, admittedly, early bootleggers. Well, again, some of the best people, best families in Reno, came from bootleggers. And so it's a little hard to rationalize, to say that some of the pillars of the communities of Reno [or] Sparks, and other places, had a bootlegging background, and now to say [in Las Vegas] that because they bootlegged somewhere else, this makes them notorious criminals. Well, of course, it just wouldn't hold water. The only thing we could find out about this particular charge was that actually, he had been in the bootlegging business, and it was before a very famous case, a landmark case, in Internal Revenue history, where income tax reports could be used to convict him for other crimes. And it wasn't but a little short time after that the landmark case came, and still exists today, that a person can report income tax for any illegal operation, [and] they can't use it as evidence against them. And this was what happened here. He had falsified his income tax report because he was afraid he was going to be prosecuted as a bootlegger. And I'm sure he took the rap for other people, too. But it was something that was a little difficult in itself, to hold against a group coming in.

The only charge that I could find that appeared to be at all serious—at least, from

what we could get out of the records—was a charge against one Herman Greenspun, who was starting—I don't remember whether he had started the *Sun* at that time, but was working in the newspaper business, and publishing business. I guess he had. I guess his *Sun* had probably just been started. And he had a charge of violating the Neutrality Act. We didn't know what that meant. Violating the Neutrality Act. It could be espionage, it could be a lot of things.

So I can remember them pushing me that day, all gathered in a circle, and E. P. Carville in the center, saying, "Obviously, you're reticent about going ahead with this thing." They may have used more polite language, but they said, "You're obviously stalling us," which I was. "Now, is there anyone here who you object to or haven't yet cleared?" They kept pushing me. One dark-haired man, a younger man, quite articulate, was pushing me pretty hard.

I, by this time, couldn't remember who was who (I'd been introduced to all of them). "Well," I finally said, "Well, there is one we haven't run down. Now," I said, "I don't know what kind of a charge it is, but—"

This young man kept saying, "Bring it out on the table. If there's something wrong, tell us about it. Tell us what's sticking in your mind. I know something's sticking."

So finally, I said, "Well," I said, "Mr. Greenspun has a charge of violation of the Neutrality Act."

So this man let a big sigh out of him, and he said, "I thought maybe that's what was stickin' in your craw. I happen to be Herman Greenspun. And this is what I was tryin' to get out of you, because I want the opportunity to explain it."

And, of course, all of this came out later, well known. He was very emotional, very—he was capable, very articulate. He said that he

was involved in sending arms to Israel. And he said, "It's a matter of survival of the race. It's a matter of a deep conviction, and," he said, "I'm going to win the case." He says, "It's just pending." I think he had said earlier, "Now, if there's anybody in here that you want to remove, we'll remove 'em." This was another common statement. I don't know whether it was a—an awful lot of times, it was pulled as a bluff, because if you [laughing] ever called it, why, then, you began to get some arguments. But he had, as I remember, one percent in the place, and he said, "I'm not going to stand in these people's way."

"Well," I said, "as you explain it, I, of course, can't see anything that bad in it, but," I said, "you can't blame us. We didn't know what—it's violation of a Neutrality Act, we haven't been able to get much information on it. It seems to me, we just can't break anything loose on it."

Well, of course, he explained that the case was in process, and probably the government wasn't giving us any information on it, so it just remained as something that was dangling in the air. Well, I realized, by this time, of course—and I really was using it more as an excuse than anything else—that this very earnest, articulate young man wasn't [laughing] going to stand in their way.

I think, at this point, Ray Warren and I had made our trip to Cleveland to investigate these people. This was the first trip of this kind that was made outside of the state. Bill Moore, again, was pushing very hard for a complete investigation on it, and wanted us to go back to Cleveland to investigate these people, told us to go back and stay as long as we want to. Well, of course, we weren't spending a lot of money for state expense accounts in those days. And we agreed to go. Now, Bill made it very clear—and I believed him implicitly then, and I believe him now; it

never developed any other way— again, that it might look like he was afraid of competition, because they were right across the street from him, they were going to build a much bigger, much—more money than has ever been placed in his Frontier, and they had operated many, many successful places. And he said, “People think that I’m afraid of competition, but,” he said, “I’m not afraid of competition at all,” and I knew that he wasn’t. He said, “If the people are all right, let ’em in. But certainly, we ought to go through everything we can. And if they are what some people think they seem to be, they shouldn’t be let in. So maybe, we’re going to really make or break our policy right here, on this one.

So we did, and took Ray Warren, whom we by this time, had hired as our field representative in Las Vegas. We went to Cleveland, and we stayed for about a week. We stopped in Chicago on our way, and met Virgil Peterson, and talked to him. We went to Cleveland and got in touch with Forrest Allen, a reporter on the *Cleveland Press*. Forrest Allen was one of the reporters who was a good crime reporter, made crime reporting his business, and had a national reputation. We found out, about this time, that some of the best files on people, some of the best information that we could get, were from newspaper people who made this their main interest, who kept all of these things, and also had an immense amount of information in their heads. They knew the background of everything, they’d been on top of everything. This was, I think, about the first time that I ran into this, but I found, later on, that some of these men who specialized in crime reporting, were the best sources of information that we had.

The *Cleveland Plain Dealer* had a man by the name of Todd Simon, a young fellow, who was their man on things of this kind. And, of

course, Cleveland had a lot of activity. It was a large town, and was very active in the bootleg days, it had lots of illegal gambling.

So we spent a lot of time with these people. We went to the man who [was] head of the department of safety in Cleveland, and this was an ex-FBI man who, coincidentally enough, had been a rookie FBI agent in Las Vegas. And he was hired as the head of the department of safety. I think it was one of the first departments of that type in the country, in which he was the head of the police department, the fire department, the building department—I think four departments that had anything to do with the safety of people. And he was really the overall police director, and was brought in because of his FBI experience, and to combat the hoodlum element. And Cleveland did have ’em, and does have them. I mean, they’re typical with Chicago, or Detroit, or any large city. They have a lot of hoodlums, a lot of street people, and a lot of police problems. Let me think of this man’s name. I remember it occasionally, (Al—?) a very interesting person. He was obviously spending most of his time on police work, and having people tailed, and reports were coming into him, and he was setting up a wide network of police operation.

We went to labor union people, the head of the labor union people, and, of course, talked to their attorney, and we talked to their accountant. We went to the mayor’s office, and went to people that were referred by him, and we made a pretty thorough coverage in about a week in Cleveland.

I went there with the opinion that we were dealing with a mob of hoodlums, and that we were going to have to be the savior of Las Vegas by keeping them out. Of course, by this time, when I got there, I had been mostly exposed to Virgil Peterson. But everywhere we went, we got the same impression. People

admitted to us—I can remember Forrest Allen admitting it—that, yes, they had been bootleggers. Yes, they were illegal gamblers. They ran notorious clubs. McGinty, we couldn't run down much, except this Mounds Club, and it was—when I say notorious, it was just known to everybody in Cleveland. It was a membership club. You had to have a card to get in, and it was supposed to be one of the swankiest clubs in the country. But they did run these places, they had been ruin runners between Canada and Detroit. Dalitz was in the laundry business in Detroit, and evidently had made his money in the laundry business.

But everywhere we went, we were told, “Sure, they run these things. But they run a good, tight business. They run an ethical business. Yes, maybe they have to pay off people to keep an illegal operation.” This was nothing unusual to any of the people that we'd ever had that came to us from an illegal operation.

But when we brought the point of question, were they Mafia people, were they hoodlums, we were told no. These people are seen in their clubs, and all of this stuff, but they tolerate them. But no, they weren't [Mafia]. They don't operate in this manner. They operate good businesses.

Even Forrest Allen, who admitted he didn't like them, he didn't like the business—he was a typical cop in his attitudes, he didn't like any part of it—admitted they ran a high class place, and they ran a smooth place. When any of 'em were asked directly, “Have you got any evidence of them being connected with the Mob? Do they run a Mob-type operation?”

He said, “No. They have no problems.”

A labor union man told us that they are probably the most ethical people that he'd dealt with. They were cooperative. All they wanted was to stay out of trouble, as

[laughing] most anybody else did that was running an illegal business.

Oh, old Virgil Peterson had 'em tied up in his literary way, with a man named Potter, who had been murdered. When I told Forrest Allen of that, he laughed at me, and said, “Potter was a grafting city (if that was the man's name; I don't know that it was)—was a grafting councilman, and it was an entirely different deal. It didn't have anything to do with them, and everybody knew it.” He said, “Forget that end of it.”

Well, when I went back to Virgil's letters, I remember, he merely said that, “I believe one of them had been questioned about this man's disappearance, and later found out he'd been murdered.” This kind of a connection was very skillfully woven in Virgil's narratives. I have a lot of respect for him, but I'm just saying that I know that he did. I found out later what his tactics were, and as we were told by an FBI man, he said, “Virgil's a literary man. He likes to write. He writes newspaper releases and articles, and he's got a great, big black brush that he dips in tar, and he just smears it all over, and none of 'em can fight back with him, and this is his way of fighting 'em.” And, of course, it's been proven many, many times, it is effective, because they are people of this type, and the people that Virgil dealt with are people with records. They're people who *can't* fight back, you know, in a publicity war, but [laughing] a man pretty high up in the business, said, “Don't ever build a case on what Virgil gives you, because, he said, “we've tried once or twice, and we just find it's a lovely fiction article that he'd spun and there's maybe a lot of truths put in there, but there's nothin' you can prove. So don't ever build a case on it.”

By the time the week was out in Cleveland, we tried in every way to connect-them with any known rackets, as such, as were usual in large cities, as, you might say, the dry cleaning

racket, the things the Capone element had used, the rackets that were in existence in Cleveland, on the Cleveland streets. And again, even the people who thought they were bad people said, "No, I can't in honesty say they were connected with anything like that." Forrest Allen gave me a very good expression. He said, "They're operating an illegal business." He said, "You're talkin' about the *dirty hands boys*. And," he says, "these people make a special effort to keep their hands clean. They don't even want to let the dirt rub off on them," he said, "because they're operating this kind of business."

We had interviewed the people, and their attorney. It was the first time it had ever happened to us, and didn't happen to us very many times since. Their attorney brought out their income tax reports, and said, "Here's their income tax reports. You can have 'em for as many years as you want. You can have any information you want." And he told me, he said, "Look. Don't you think that these people know that these are the first reports that are gone over with a fine-tooth comb by income tax people, and subject to review every year?" He said, "These people spend all kinds of money for accountants to keep them perfectly clean of it." He said, "You can see anything that they've got, you can see any income tax reports." We did. We went over 'em, and compared them with statements that were made to us, and other information that we'd found. He said, "You're not going to find anything in here, and," he said, "you're not going to find anything secret." He said, "It's put up by high-priced accountants, and they know what they're doing. And," he said, "they make lots of money in their business, and they're wealthy men, and they're tryin' to protect themselves."

I did, I left Cleveland. Ray did, too. We both left there with the idea that the stories

that had been built up around them, the fears that had been built up around them, just didn't pan out. It just wouldn't stand up. Actually, Wilbur Clark, who was well known, was just as vulnerable as they were, and as I've said, of course, many other people. My mind had been completely changed about this portion of it by this time, and I wrote a report on it when I came back. I think that report was burned when the old "White House" burned down, and the old records with it. I've often wished that I had a copy of it, because I know we were criticized for a long time for giving them the license and I always wished afterwards that the report had been kept, because I think it was a pretty good analysis of the situation and the people. I think it was a pretty honest evaluation, and one reason I would've liked to've kept it was because I know that it stood up over the years.

I came back, reported to the commission, to Bill Moore, and Bill was apparently satisfied. We told him what we'd done and where we'd gone, and he said, "Okay, that's all I wanted to know." He made no opposition to it. If he had any reservations, he never expressed them to us.

These people, one of them particularly, told me that they had stayed at the Last Frontier, and he made the same remark that I have made in my observations of the Frontier, he said, "We just think that is one of the smoothest operating places." He says, "You can sense it in every respect, the employees they have, the way it runs. And," he said, "if we can put up a place that's anywhere near as good," he says, "that's our goal." He says, "I want our place to be—if we can be as good, and have as good an operating place as that Last Frontier in this place across the street," he says, "we're going to bring them business, and they're going to bring us business. That's as much as I can expect."

And they did do that. During their operation, the Desert Inn, even after they opened other places, did have a warmth about it. Its employees were loyal. Of course, they brought lots of people from Cleveland [who'd] been with them for years. They kept good people, and, of course, other people became well known in the business later, Allard Roen, and Cornelius Jones, and Ruby Kolod, and others who became quite prominently identified in the operation. Younger men came with them in their operation. Some of them, Allard Roen and Ruby Kolod, had troubles later, but they stemmed from other things, not from any trouble involving them in Las Vegas, but from other activities, and other things in years later. But it was a place that was—he knew it was the first one—it was going to be the test. I was glad that it had been licensed, and glad that these people had been brought in.

I might as well say now what I would have to say later. I think the years have borne it out, that Moe Dalitz has done more for the city of Las Vegas, and done more to build the city of Las Vegas, than any single man connected with the industry. He has been a good citizen for the many years that he was here, and the money that he spent in the town, and invested in the town. He was a part of the local scene, participated in local activities, and never, in his operations in Nevada, did anything that wasn't ethical. As I used to say about a good many of these people, I'd rather have their word for a \$100,000 liability, or a note, than a note from a pillar of the community, and a man that's a millionaire, or a banker, because their word's their bond. Moe was this type of an individual, and I think most people in Las Vegas today feel that way about him. I think it was a very fortunate day for Las Vegas when Moe Dalitz and the rest of them came in.

None of the predictions about Wilbur Clark came true. We were told that they

would just use Wilbur, and as quick as they got the license and got started, Wilbur'd be kicked out into the street, and they'd run their own operation. Wilbur stayed with it. They treated him well. He was interested with them in many other ventures. They always kept the name "Wilbur Clark's Desert Inn." They always kept Wilbur in the forefront, and I know that he never regretted them coming in. Moe Dalitz, and Morris Kleinman, and Wilbur were directly associated with the operation for many years. Sammy Tucker came in and out. But these three men were the biggest investors, I think. [Thomas] McGinty, I only met, or saw, once or twice. He was, and remained, a mystery man. There was never anything on his record. He owned racehorses, and had a racetrack in Florida—very, very wealthy man. He'd known these people. They all had been raised in Cleveland. He had known these people from the time they were boys together, and had invested with them. I saw him maybe twice. He had absolutely no record, no stigma attached to him in any way. The only thing that was unusual about it was that you couldn't find anything bad about him, and neither could you find out anything about him, period, except that he had a lot of money, ran this racetrack, and owned race horses. It had the same tone as the Frontier.

Of course, it wasn't long after that that the Frontier started going downhill. I can't analyze all the reasons for it. But you could see it. You could see the operation going downhill. And finally, Bill Moore was out of it, and just suddenly kind of melted away. And from that time on, the Last Frontier, as we knew it, was almost a thing of the past. The old portion of it was still operated for awhile after they built what was called the New Frontier. But that was another story, another operation. But the

Desert Inn didn't have anything to do with it. It wasn't competition. It was just internal breakdown of the whole structure.

I think most of the people thought that the DI was an excellent operation. I never heard any real complaints about it. They were, for years, oh, as long as they were in business, quite often referred to as the Cleveland Mob, the Mob, the Cleveland Boys, the Gangsters, and things of this nature, which I always thought was rather unfortunate, even though their background may have given some merit to it. But I always regretted its use. I thought that it was kind of hysterical. We had a lot more trouble with later operators than we ever had with them. And I can't ever remember 'em really giving us any particular trouble in their Nevada operations. They did go into Cuba [1955] and have us concerned for awhile, but they didn't last long in there. And that's another story.

I understand, and've been told, that there had been written and the remarks made, that Senator McCarran was very active in getting the license of these people. I never saw any evidence of this in any way. In the first place, Governor Pittman was not particularly close to Senator McCarran, never had been. I know I was told by these people that, originally, they had intended to buy the Riverside in Reno. They came up to look at the Riverside, and were talking about buying it when someone told them that Wilbur Clark had this place in Las Vegas. I'm sure that anybody coming to Reno would talk to Norman Blitz, and people of this kind, who were good McCarran people. But as far as I know—and as I say, I was connected very intimately with it from the beginning—I always thought that the license was granted on the basis of the report that we made, and the report of our investigation. I talked to people at the time, and I never heard Senator McCarran's name mentioned.

Now, it's possible that in the background, he could have been weaving a web here or there; he constantly did. But I just never saw any evidence of it at all. And if it did, it went on on a level that never became apparent to me. And I can say this, knowing the background, knowing the situation at that time, knowing the composition of the commission, and the governor, that I am sure they would've been licensed whether or not McCarran had ever made any advances at all. Senator McCarran never made any advances to me, personally. I don't think, by this time, that he always felt that I was on the same side, or that I at least could be talked to, because he never made any personal advances to me.

But I know that if Bill Moore had adamantly opposed it, that it would've probably never gotten a license, and I'm sure that he was satisfied with the investigation the way it went. He may have had some reservations he never expressed, but he seemed to be satisfied. And I just have to feel that that was the way it was, and in the months that went on, that McCarran, if he made any intervention at all, actually would not have changed a thing.

This has come up many, many times. I think I've covered this in the past, and we'll cover it in the future. After something like this happens, I have heard of so many people, and people who'd gotten a license have told me, so many people have come to 'em and told 'em they were the person that got 'em the license. And I've heard so many rumors of things I never saw at all, and many times, of things that I know would have had absolutely nothing to do with the case. But people think they did, and word gets around to that effect.

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I'm digressing a minute, but the Desert Inn was the first one to put in a golf course of

its own in Las Vegas. It was their idea, and I was told, very reliably, by one of the owners that they *offered*, as the saying goes in the gambling business, *a piece of the joint*—they offered a piece of the business—to all of the other hotels on the Strip if they wanted to put in, and they'd all jointly run a golf course. And they couldn't get anybody interested in it at all, because they said, "It just distracts people, and takes 'em away from gambling, and we don't want to get 'em away from the casino."

The Desert Inn's theory—and the people that ran it in those days were shrewd business men—was that there's plenty of things to do in Las Vegas, and there's plenty of time to gamble, and a man can't afford to gamble every waking hour that he's here, and you want 'em here a little longer than that, and that it isn't going to hurt business. And they found out that it didn't, of course, and soon—it wasn't too long after that that practically every hotel in the Strip put in a golf course. That was really the start of the resort type business in Las Vegas, as against a pure casino operation with a showroom built around it. And it's been very successful. Now there's all kinds of things for people to become interested in, and they find they have plenty of time to do what gambling they want to do in between times, and it doesn't seem to hurt anybody's business. But at one time, they thought it did.

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Naturally, there were smaller places that came in and out, but this was about the picture when Charlie Russell came into office. And the developments of the next eight years in the Russell administration were extremely hectic, and this was the period that I think is probably the most interesting historically, and is the foundation, or the basis, of the

whole business as we know it today. And the struggles and strifes we had during that period are something to remember.

After the Desert Inn came the Riviera, the Sands, and the Dunes, possibly the Sahara in this same general era. Now, I can't remember the chronological sequence of them, which came first, and which came last, although that's easy to determine as a matter of fact. I'm sure the Sands was later than the Sahara and the Riviera.

I remember the Riviera case quite well, because one of the most interesting incidents in my whole career in this type of business came about as a result of this. The Riviera was the first hotel, really, to start the high rise tendency, what we have often termed in reflection the "era of the high rise," and which I'll try to touch on, possibly in a separate subject. Up to this time, the El Rancho, the Frontier, the Desert Inn were all rambling, ranch-type structures, built around a pool and beautiful grounds. Keeping the land was, I suppose, relatively cheap, because they used lots of it to spread out over, acreage. The original Sahara was the same way. It was rambling, and built around the pool, one-story structures. The Desert Inn did have a second story, but that was about all. And the Riviera went to a high rise. And it was a new experiment. Everybody wondered if it would make it—it was, well, more citified. They wondered whether it would change the atmosphere of Las Vegas. A high rise obviously isn't as appealing as the earlier structures that have been spread around, landscaped beautifully in this era.

Along in the line of development of the Riviera, we, of course, began to get indication of who the people behind it were, and they were, for the most part, Florida people. A moving picture director of some dubious background—he was not a successful director,

although he worked in some pictures and I've seen screen credits to him even in television days. "Doc" Merman was his name. But it obviously was a promotional deal. Up to this time, we hadn't gotten into the promotional element much. Places were being put up by individuals that were capable of putting up the money, well financed, and there was no real promotional problem. It appeared, at least, in the case of the Riviera, that there was some promotional elements involved. Of course, there always was more promoting, I'm sure, in all of these places than was ever evident on the surface.

Somewhere along the line, when we began to get these people ready to come up for an interview, there was a—. Let's see, the Florida people, there was a man who'd been on the state medical board, who had a title of doctor of some sorts. Now, whether he was an M.D. or not—I suppose he was. Another man operated a chain of hot dog stands in Florida. There was a couple of Miami business men who had built motels and hotels, and who had some indication that they may have been connected with some of the undesirable element in Miami. They were fairly wealthy men, but they were all people that were not recognized in the gaming business, as such, and it was a little different setup, because these people were a little hard to run down. They were rather unknown, they didn't have the usual records associating them with illegal gambling, and things of this nature. So we were a little suspicious of it.

But we were getting close to the hearing time. They were represented by a Los Angeles attorney (Harvey Silbert). We were getting close to the hearing time, and we really had practically nothing to come up with. We could see nothing to tie to the operation. I got a phone call, a woman's voice on the other end of the wire. She asked us if we were

contemplating licensing this operation, and I said, "Yes. Matter of fact, they're coming up for a hearing, I believe, tomorrow."

And she said, "Well, do you have any information on them?"

And I said, "Not too much." I really didn't know who I was talking to.

She said, "Well, I can give you some information on it, because," she said, "that is going to affect the state of Nevada, and it may be the difference whether they survive or whether they don't. I'd like to be able to give you some of this information before you meet on it."

I said, "Well, you're going to have to hurry, because they are coming up. We're having a meeting tomorrow. I don't know what's going to happen, but it's" (as I always had to say) "it's possible that they could be licensed. I don't give the licenses. "

And so she said, "Well, I'll fly up and talk to you. How will I know you? I don't want anybody to see me." I thought she was coming up on the one-flight-a-day Bonanza Air Lines. She said, "No, we'll fly on our own or get a private plane. We'll fly out."

And so I said, "We'll meet you in the Senator, and you stand in the doorway."

And she said, "Well, what will you have to identify you? Will you" (kind of half kidding me) "[be] the man with the rose in your lapel, or something?"

And I said, "What do you look like?"

I can't remember, but we made vague arrangements that I would meet her, and she would stand under the archway between the coffee shop and the front gaming area, bar area, of the old Senator. And I said, "I'll meet you there." And I said, "Well, you have to meet me before the meeting, because the meeting starts at ten."

She says, "I'll meet you there at eight-thirty," or nine o'clock, or whatever it was.

That was when I said, "Well, you can't make the flight."

And she said, "Well, we'll use a private plane, our own plane, a private plane that we'll fly up in. I'll meet you there."

So I did. Of course, the humorous element—a person has to remember that Carson City is a very small town. I was fairly well known, besides living there, was fairly well known in my job. I can remember approaching the Senator with a little trepidation, wondering what was going to happen next. I got in there. The legislature was in session, too, because some of the legislators were there. I definitely remember Mahlon Brown sitting there. Bill Moore was there—I don't think Bill was on the commission, but I believe he was there—and other commissioners. I believe Paul McDermott was on the commission then.

But anyway, I went in. The only people that I could see standing under the archway were two ladies dressed in very, very—noticeable, beautiful young women, obviously actresses, chorus girls, or ladies of the evening, or something else. But they were dressed in gorgeous furs, and for a town like Carson City, completely outstanding. And they definitely were not a—Carson City type. So I walked over and introduced myself, and found I had the right people, and tried to escort them for a cup of coffee, with everybody falling out of their chairs rubbering at me to see who in the world I could be talking to, and what I was doing, and she says, "Where can I talk to you in private?"

Well, she didn't want to come to my office because she would be seen. She said, "Some of these people know me." Said, "Are these applicants coming up?"

And I said, "Yes."

She said, "I can't be seen. I don't want to be seen with you, and we've got to get out of here pretty fast."

So I was completely nonplussed, and the only thing that I could think of was, I saw Paul McDermott sitting over there, and I knew he was staying at the—I think it was the Greenough Hotel at the time. So I said, "Well, I guess we'll just have to trust each other. Maybe I can get a key. My friend over there, I know, has a room here, and it's in a rather out-of-the-way place."

She said, "That'll be fine."

So I went over to Paul and asked him for his room key. And Paul gulped a few times (laughing), but manfully brought it out of his pocket and gave it to me, and I took off with these two mink-coated types, going over to the Greenough.

We went in, and she started telling me her story, and she told me the most amazing story that I have ever heard in the time that I had been associated with things of this kind. Many amazing things. Like all people that're either in police work or on the fringes of it, as we were, in investigative work, we all use informants, and informants prove very valuable. But you have to be very careful with informants because they can get you into trouble real fast. You have to be able to separate the wheat from the chaff, so to speak, and be able to glean out—you can always generally glean out some things that you can check out. I had already found this out in the zoo pictures, as I have related, and in other elements. And Jim Hamilton had talked to me from his experience in Los Angeles and the intelligence division, how they used some of this. But basically, you had to be extremely careful.

But this girl told a straightforward story. She was as concerned as anybody I ever had seen, and, of course, I was taking it, at that point, with a grain of salt. And she said, "If this place is licensed, Las Vegas and this whole state may go back to sand dunes, because,"

she says, "this place and this man will ruin it. And if there ever was a hoodlum operation, this is it."

Of course, I was trying to get at her motive, because most people who are informants have motives for some reason, and this is one of the first things that you have to examine. But I really couldn't find any motive, other than the old one, of the ex-girlfriend being deserted, or something of that nature, but it didn't fit in this instance, because actually, it turned kind of the other way around. But she did have a tremendous concern for what was going to happen to Nevada.

She told me that it was being planned and masterminded by a man who was known by the name of Charlie "The Blade" Tourine, sometimes known as Charlie White. And she said, "This man will turn Las Vegas into a hoodlum jungle, and it will be completely—he's nothing but this. And," she said, "he's the most dangerous man that's ever come to this town."

I said, "Well, there's nobody by this name connected with it, or that's come out in it at all."

She said, "That's quite true. But nevertheless, he's the one, and it *is* hoodlum money that's going to back this."

She told me she had been his girlfriend, and she looked the part. She knew that he was a man about town, and a tough man, and that he had what we might call questionable friends, people who were of the type, and free spenders, and undoubtedly were connected in the rackets to a degree, but she said she really didn't know to what degree. And she had heard them planning this operation, and what they were going to do to it. She said that she was living with him, and that they talked freely in front of her. And she, I think, had been a cocktail waitress (and again, looked the part), and she'd serve them drinks, and they talked quite freely, and made no bones about

anything, and didn't try to hide anything from her. She wasn't supposed to be in it, but she heard it all. And she said that she didn't think much of that. She began to find a little more of what was happening, and that this was a pretty big thing they were planning.

She said she was sitting by the pool one day when she read somewhere the background of this boyfriend of hers. His name, Charlie "The Blade," was very descriptive. And he had been involved in many, many things of violence, and was a typical guy from the streets that was, virtually what was called in those days, a torpedo or a hired gun. But anyway, whether any of this was proved or not, the record certainly bore out an awful lot of it.

She said when she heard about it, she fainted into the swimming pool. They had to fish her out. And he never could figure out what was wrong with her. She knew she had to get rid of him as soon as possible, since she was never so scared in her life, when she found out what she had gotten mixed up in, and that all of the rest of the time, she was planning how to be able to pull loose, get free from him, get rid of him. And this is where the story doesn't jibe, of the woman scorned, and her motive, because she wanted no more to do with him, no part of him, and she said, "My life isn't worth a thread, if he knew I was telling you this."

By this time, I was beginning to believe her a little bit. Up to this time, I kinda thought she'd been reading too many "Diamond Dick" novels. She said, "Some of those people know me. Now," she said, "they would only know me because they'd recognize me as his girlfriend." I asked her if the attorney (Silbert) knew them, and she said, "No, but he knows who I am." And she spent an hour telling me about the operation, how it was planned.

It started out with this moving picture director, who had thought that the old Twin

Lakes resort would be an excellent place for one of these luxury places, tried to promote that. The director obviously—and this was borne out by investigation—was strictly an idea man. He had no money, never did have any money. The only record that he had, an FBI record, was where his clothes were attached by a creditor, or something of this nature, but [laughing] he definitely was the idea man, and he was looking for people to come up with money. And she says, “If you ever think that there is Mob money,” she said, “it’s in this thing, because this man knows the best of them, and he’s intimately associated with them.” Then she told me of the individual people in the operation, and told me of the background, and of how they had gotten one of ’em into a gin game and fleeced him out of \$25,000, and how they had gone to the Bahamas, and what they’d done there, and the double-crossing they’d done to each other that she had overheard, or that her boyfriend told her. Of course, I made a mental and written note of it so I could try to run it out.

And this place was originally planned—I believe, even at this time, it wasn’t known as the Riviera. It was the [Casa Blanca]; the promotion was originally started under that name.

And she told me of the background of some of these people that we had wondered about, and by now, I was beginning to see that I was getting some unusual information on it. And so I had enough. The woman with her—I don’t know—looked enough like her to be a sister, but was a little younger, same type, both of ’em nightclub types, and mink types. But the woman with her either was a girlfriend of somebody else that was in it, or, as I say, could’ve been her sister. They never really clarified that. She didn’t do any of the talking.

So she made me swear that I would protect her, because she said, “He’ll kill me.

He’s killed lots of people. He’d He’d kill me very quick if he got any vague suspicion of it.” And I kept that for twenty or twenty-five years, at least. I don’t believe I’ve ever revealed this much detail on it, or any basis that she might be suspicioned, because before I got through with it, I knew she’d been telling me the truth, and that probably she was right. So, probably it was the first case we’d had of this kind.

I can’t remember from there. I can remember the applicants coming down. I know that I got the thing postponed, which was, of course, the usual move. I just told the commission confidentially I had some information that wasn’t complete, and asked ’em to postpone it. Now, how long, I can’t remember, whether it was a day, or two days, or the next month, or what it was. I know we did some fast investigating. We got the name Charlie White. Charlie “The Blade” Torine,* or any of these things, was totally unknown to us. We did get his record through our usual channels, and I would have to agree with her. It was, I believe, the worst record of violence that I had ever seen. It was two pages. He obviously had come up from the streets, and probably was—you could tell by his arrest record. And he had been convicted of crimes and violence, knifings, and things of this nature. I don’t know, I can’t say that authentically, but crimes of violence. I would have to say it was the worst record that we had ever seen of real violence, and of hoodlum operations, and things of that nature, and, I probably would say, that we’d seen since.

Of course, now, our job was to be able to connect him into the operation with no other information other than confidential

*Listed in Kefauver hearings as a member of Murder, Inc.

information from an informant who I couldn't reveal in any way that would give any indication of where the information might've come from. Everything she'd told me checked out. We followed a number of leads that she gave us, and it came right out. Well, by this time, we were beginning to build a pretty good pattern. So I can remember, when they did come in for hearing, Bill Gallagher and I planned it for hours. We stayed up in the evening and spent hours of planning. And I do remember that when they came up, I said, "Well, we're going to have to have the confidence of the commission in this."

One of our problems was that the Tax Commission, fine men and gentlemen that they were, had the stripes on us. They were commissioners, and we worked for them, and they sometimes took over the questioning of people, themselves, without any particular plan. One person would ask a question, and another one'd ask a totally irrelevant one. I could spot, for instance, the banker, Tony Lathrop's ears would prick up when anything was said about finance, or banking, or something that got into his background. Norman Brown and Wallace Park would immediately show an interest if the applicant had been into ranching, or something of this kind. But there was no planning, as a case, as a lawyer puts up a case, and lays a foundation, and plans anything. There was none of it. We may have done more of it in later days, but you just couldn't do it with the composition of the commission the way it was. But I do remember asking their indulgence in this case, and asking them to let us question them first, without them interposing anything at all, and to please let us complete the whole lineup before. Then they, of course, could be free to ask any questions that they wanted, but to give us the chance to put it in the way we wanted to.

And we had planned it pretty carefully. I think it was about the first time that we brought the witnesses in separately, which, of course, is an old right of the court, and quite often happens. But anyway, we thought that was a good idea, that we would question them separately on the issue. The commission agreed to this. And so, when they came in, we brought 'em in one at a time. That, I'm sure, caused a little concern. Their attorney was allowed with them, of course. But I didn't know how much the attorney knew, and how much he didn't know. I've been in that situation many, many times since. Sometimes attorneys are completely innocently involved, other times not completely innocently involved, and sometimes not innocently involved at all. So it's a matter of degree. But he sat there and listened to them.

And we started questioning them, between Bill Gallagher and I. And it was one of the most rewarding experiences, I think, we had ever had, because we could see the look of blank astonishment on their face when we would ask them questions that—. They would immediately wonder how in the world we'd have any way of knowing it, like the gin game in the Bahamas, and sometimes we might name the hotel, or the room, that they were in. "Weren't you in a game at such-and-such a hotel, such-and-such a room?"

"Yes."

And then we'd ask 'em about it, and ask him if he'd lost a certain figure of money. "That's right." Asked him if he thought he'd been cheated out of it, and [laughing] you could see it was the first time that the idea had entered his head. But we saw we definitely had placed an idea in his head, 'cause the girl had definitely told us that he'd been fleeced. He was one of their own people.

And we started asking 'em about questions of this kind, and where they'd been. And we

knew the questions to ask each individual, 'cause some of them referred only to them, or referred to their connections. And as time went on, the blank astonishment just grew blanker, because we just kept questioning them and probing them. I can't remember that some of them may have admitted having a nodding acquaintance, or being seen with Charlie Torine, or Charlie "The Blade." I'm sure that it nonplussed them to know how we ever ran across Charlie "The Blade," 'cause it was well hidden. Up to this time, there'd been no inkling of him in it at all. I think most of his activity had been in Miami, and New York, and in the East. I don't know that he had shown out in Vegas at all at that time. We did have experience with him later. So the questioning went on, and on, and on. The attorney maintained a poker face, but I couldn't help but feeling that a lot of it was sinking in. And we had just a delightful time, Bill and I, and enjoyed ourselves immensely.

I guess we must've presented a pretty good case. I can't remember of any real questions. The commission, by this time, knew that something was afoot, that something unusual was going on, but it was just hard to piece together.

I can remember, after we left, we saw 'em all getting together in the hall, and they were into a huddle, like a basketball team into a huddle, and all talking at once. [Laughing.] And we were so amused by it, because we knew that each one was looking at the other, wondering who had squealed, and who had told this, and who'd told that, and we had 'em working against each other. They went out of there—I can remember using the expression—they went out of there, a couple of them, looking like a great, big, fancy plumed rooster that had fallen into a swimming pool, and been drug out, and went slinking off all wet and bedraggled, and

feathers drooping, because they all slunk out of the door [laughing].

That was the beginning of the end of the operation. I began to find out for the first time that financial statements of, for instance, unlisted companies, like a man's hot dog stands, are awful hard to figure. He can put any value he wants to on 'em, and there's no way you can combat it. I felt quite sure the values were fictitious, but there's no records to go by. One of the men, the physician, I know that besides being a physician, had been a member of the Florida Medical Board. But, of course, some of those are political in their appointments.

That blunted the operation pretty well. We did go after the finances to a degree, and used, I think, every bit of the information that she'd given us. I told the commission in private session, very generally, that I had information from a very good source, and very good authority, and they'd just have to trust me for that, and no more. And I never told anybody else anymore about it. But it definitely broke up that particular operation. I don't know at this point, whether any actual building had been started. If it had, it had not progressed very far.

But the thing stalled for a good while, and then they came back with the people who eventually were licensed in the Riviera. Most of 'em, as far as we could see, were different people. Now, some of them may have been—one or two of them did have some vague connection with it. They had the same attorney, and some of these things. But most of the people that were back into the new setup didn't appear to be too involved in the old.

It wasn't the last that we heard of Charlie "The Blade." He figured in several incidents. He never, of course, got a license. But he hung around Las Vegas for quite awhile, evidently

trying to get a start somewhere, because he liked Las Vegas. And, of course, he was just exactly the type person we were trying to keep out. We couldn't keep him from hanging around here, or associating with people. It didn't take long—there were a couple of cases connected with it. It didn't take long for people to find out that even being seen talking to him was almost the kiss of death if they had any ideas of getting a license, so people began to shun him for that reason.

One applicant came in with a ridiculous application in a place, one of the smaller places. I think it was in a place that had once been Gracie Hayes's Red Rooster, and at one time been the top night spot in the town—at least very close to there. And, as I say, it was a ridiculous operation, a rather small one, underfinanced, and everything else. Paul McDermott had seen the applicant, or one of the applicants in the old airport, having dinner with Charlie "The Blade" (who, by this time, we knew by sight, at least) and evidently in very friendly conversation with him. And, of course anytime we saw anybody in conversation with him, we figured that something was goin' on. And then, when he came up to apply for the license, Paul asked him if he knew Charlie Torine, or Charlie White, known as Charlie "The Blade," and the man flatly and blankly denied it. And, of course, Paul put the brand on that immediately, and informed him that he'd seen him. And, of course, the guy tried to weasel out of it, and explain his way out of it, but it cost him his license. He never did get a license, 'cause he'd been caught in a flat lie.

He hung around later, and then began to get involved in some operations that gave us a lot of concern. I think he was behind a garbage collection franchise attempt, to get the business of collecting garbage on the Strip. And, of course, these were the very things

we were trying to stop, because this is the history of the Chicago rackets, for instance, the dry cleaning rackets. They get control of an industry, and obviously, they could—and this was something we always feared that they could—by threatening, violence, or one thing and another, make these people pay outlandish fees for their services. We never proved anything in this instance, although there were two or three people connected with it [laughing] that were local people, and didn't belong in an operation of this kind, what we thought it would be. But we were watching him as close as we could with the facilities we had. I can't remember how that one blew up, or how it changed, but it didn't materialize, although we were following it.

Then he got involved with a dairy. I think, at that time, there were really only two large dairies in Las Vegas, and, of course, it's a lucrative business even in those days, with the Strip hotels. He became involved as a salesman. They hired him as a salesman for a dairy that was operated as a co-op by a bunch of farmers in Moapa Valley. And this dairy was not getting the business. It had very little of the business of the Strip. Another dairy that's still in business today, Anderson Dairy, had practically all the business, the milk, ice cream, everything that goes with a dairy purveyor into large places like these.

This one caused us considerable concern, and I talked to these farmers. Now, there wasn't a one of these farmers that had any idea of who this man was. But they were quite hurt, because they told us, "This man's starting to get us business. It's the first business we've ever got, and why should we let go of him, when we finally get somebody that can get us some business?"

Well, I had to be a little careful as to how I put it to 'em, and I said, "Of course. No wonder he'll get you business. He'll get you

all kinds of it, but he won't get you the kind of business you want." Of course, I was in no position, or none of us were in a position to make a flat accusation of the man, even in spite of his record. You always got the story, then, that they were trying to go straight, and they were making an effort to get into legitimate business, and then people were persecuting 'em because of their previous operations.

I can remember sitting in the old Las Vegas office building with these farmers gathered around, and there really was no way that we could do, but to appeal to their civic conscience. Finally, I remember it went at least as far as I had to reveal the record. I read the record to 'em. I couldn't let 'em see it. But I did read the substantial ones to tell 'em what kind of a man they were dealing with. I was trying to convince them that he was setting up, or intended to set up, a racket type of operation, 'cause he was the type of person that wouldn't have to exert very much influence with people that knew him. (And this quite often happens. It happened once or twice later.) A man who is well known as this type of person, or a man who is well known as a trigger man, for instance, and a dangerous person, doesn't have to threaten people that know him. He just has to tell 'em who he is, and ask 'em if they're going to give him some business. And, of course, being the type of operations they are, and they don't want trouble, it's very obvious that they could be very successful in obtaining these things without ever making a threat of any kind. And we *were* considerably concerned.

So I finally revealed everything that we could to them, and I remember we had a meeting on the Strip, and I got all the Strip operators together of those days, and told 'em what we were afraid of, and told 'em it was very confidential, what we were afraid of, and we didn't want any part of these things. We

had no way of stopping it legally or officially because we couldn't prove, never could prove what we suspicioned. The Strip people immediately disavowed any intention of anything of this kind, said they weren't going to cooperate in anything of this kind, but I wanted 'em to know what the problem was.

I can't specifically remember the direct, immediate results of either of the meetings, but I know that between the combination of them, that the farmers reluctantly gave up employing him, but sadly shook their heads, and said, "He was the [laughing] best salesman we ever had. He was beginnin' to get us business we never thought we could get." [Laughing] But I'm sure we were right in this particular case.

I never had another experience like these women who came and talked to me. They never gave me a bad lead, not once, never gave me a bad lead anywhere. Everything they told me came out, and it could've only come from a situation developing as it did with them. And I had informants many times since, and it could've only come from a situation developing as it did with them. And I had informants many times since, and have had to shred through their motives, but I can't help but think that because of her personal experience, the young woman did have a deep concern for Las Vegas. And she was firmly convinced that this man'd destroy Las Vegas if he ever got into it. Whether she was right or not in that respect, I don't know. I guess she must've survived, because I never heard of any incidents involving people of that description (although it could have) and the information was very, very carefully nurtured. As I say, I never drew a breath of it in twenty years, probably to this time. I may have mentioned previously some facet of it, or something.

I'm not completely sure that the new operation had them all out. But the Riviera,

with the new operators, has operated ever since. Some of 'em are still connected with it, and it has never given any trouble to that extent. So I'm sure that everything worked out for the best, and the way it should have. I often wonder, in my imagination, what might have happened if the woman hadn't called, 'cause I can't see but we'd've had to give 'em a license, or most of them, because we really didn't have anything much against them. Some of 'em may have been innocent dupes. There was no question about that. But they were involved in an awful questionable operation, and the control of it was going to lay in just these kind of people. I think it was about as close as we came to getting that particular type of people in.

The Dunes and the Sahara were in the picture about this time. The Sahara had started much earlier, as, I believe, the Club Bingo. Milton Prell came in and had a bingo operation there, and the Sahara evolved from that. And that may have been in earlier days than what I'm describing now. Milton Prell, of course, remained with the Sahara until it was purchased by the Webb organization many, many years later, and had built it up to one of the leading resort hotels. Some of the people that came here with him are still here, or have just very recently departed. Herb McDonald, a very respected man in the Sahara organization today, and once associated with the Chamber of Commerce and a good PR man, and a long-time resident of the community, came with Club Bingo, and so did some of the other executives that are still with the Webb organization and the Sahara.

The Dunes came in without too much fanfare. As I remember their original operation was also a sprawled, spread-out operation. I can't recall any more than the usual happenings or difficulties in the licensing of the Dunes at that time. They were

bringing new people in. I think Major Riddle, who is still with them, was associated with the first group that came in. And we did have the Chicago people. An awful lot of 'em are from around the Chicago area, but we didn't have, to my memory, any notorious people, or particularly any well-known gambling people in the Dunes operation, initially. We had some thrusts to get in there. We had some people who were trying to get in there. By this time, we were starting to get an influx, a lot of people we thought weren't too desirable that wanted to come to Las Vegas, anybody that had been associated with illegal gaming.

The one that really did create a furor was the Sands. We began to get rumblings of the Sands operation early, in about the same manner as we did the Desert Inn. We were told that this was a real big man in the "syndicate," so to speak, and a real terrible man was going to come into the town and put up the Sands Hotel. He had lots of money, and that we'd better stop it. The usual rumors were flying, and we started to do a preliminary investigation, but it didn't get us too far. We knew the man's name, and he was rapidly becoming quite a legendary figure. He was from New Jersey, a man by the name of [Mack] Kufferman. He'd been in the liquor business in New Jersey. And about this time, we were also getting some indications of association with another New Jersey person who was well known, and who became a part of the Nevada scene and news for some years afterwards as a more or less disturbing figure, although much of it has just never been proved or determined, a man by the name of Doc Stacher. However, we found no evidence, other than rumors, to link Stacher in with this operation of Kufferman's. Ostensibly, Kufferman was building the place with his own capital, was ran] immensely wealthy man. We found that his record reflected some

early charges that were fairly typical, and very much a pattern of people who developed an illegal business, and who bootlegged, and illegal gambling, and things of this nature. They had early arrests as young hoodlums, so to speak, where you could see they were arrested on suspicion, or picked up in a pool hall, or arrested for assault and battery, and things of that nature.

New Jersey had a term I never forgot, and that was the only place I ever saw it. They had crime listed as “*atrocious* assault and battery.” And, of course, that carried [laughing] with it a terrible connotation. There were some things of this nature. But basically, we just couldn’t—.

That record I referred to was Stacher’s record, not Kufferman’s. Kufferman, we only found a record [that] he’d been a scotch importer of a large, well-known brand name, was supposed to’ve made a fabulous amount of money out of the liquor wholesaling business. We really couldn’t run him down further than that, but we certainly were concerned about him.

We finally came to the time of licensing him, and he appeared before the commission. He was a large man, was hard of hearing, wore a hearing aid. He was accompanied by a man, who I described later to his face, and knew very well in later years, as a “baby-faced” attorney, and the man later promptly informed me he was thirty-eight years old at that time. “Well,” I said, “you still look like a baby-faced attorney to me.” He was a very young-looking man, was Bryan Burton, who had been associated with many operations, an excellent attorney, tax attorney, and also a CPA. Of course, he was merely representing him, and brought him to the commission.

I think Kufferman was the most arrogant man I ever knew, or ever saw. Probably his hearing problem made him a little worse

in this respect. But he sat there acting as though he was talking to people much below his station, that he really didn’t belong here. He was in the governor’s office, he really didn’t belong there, and that he was doing everybody a favor by being there. His whole attitude, and bearing, and everything else, and considering the rumors that had preceded him, of course, he was his own worst enemy. He just seemingly seemed to verify everything that had been said about him. He talked down to everybody, and just seemed to act as though we were wasting his time, why didn’t we give him the license and let him get out of there.

The case built from there, and we held up the license, and made it very apparent we weren’t going to give it to him. And he made one or two other appearances. He, again, didn’t help his cause any. I suppose the same appearance that he made at the commission, he must’ve made down here [in Las Vegas] with the local people, because they all had the same fears. And we really thought that if we ever let him through, that we really would’ve had it.

We went to a great effort to try to run down his liquor operations, into the Kefauver investigation, and things of this nature. We made some rather vague connections. You had to use a little imagination, probably, to make it. But we were just thoroughly convinced that it was a bad operation, and he just could not be licensed.

He was building the Sands by this time, was a tremendously efficient man, and a capable man. Typical of him, he was staying around the grounds, and just watching it being put together, almost board by board. They said he sent subcontractors back, he made ’em tear out things. He supervised the design, himself, and actually did more than the architect did, and of course, wasn’t making himself popular in the process, either. But

we were completely convinced that, again, we were in a position where we had to stop this infiltration, and if we did not start, and with this man, it was the beginning of the end for us. We were very, very much concerned with it.

We went through a long period with him. He showed up with other attorneys. He showed up with a local attorney who became very, very famous later, by the name of Harry Claiborne. As I remember, Harry was in on a case, to a degree, with him, or representing him. It was one of the few cases that I remember where we just flatly refused to issue the license, just told him he couldn't have it, and really didn't have anything but just conviction and supposition to back us up in it.

That was about the time, then, that the Sands was well along in construction. It was in the finishing stage. So then, by that time, they could see they had to have somebody else to operate it, and that was when Jackie Freedman began to come into the picture, fabulous oil millionaire and gambler from Texas. He lived up to every word of his advance notice, probably one of the most interesting characters in the Nevada scene, of that or any other time. But Jackie began to show in the picture, and began to put together an operation.

By this time, Kufferman was becoming tremendously concerned. This was not unusual. The idea of him being denied as unfit people to hold a Nevada license just seemed to break [his] heart. He just couldn't stand it. It just became a personal obsession. And now, an entirely different man came back to us. He came on his own, he had no representation, he asked for an audience with the commission, his attitude had completely changed, and as you know, it almost had to be, you had to know, that he couldn't've been the cold, arrogant person that he appeared to

be, and made the money that he did, and the success he did, in business. He was an entirely different person. He was a rather charming person, he was intense, pleaded his own case, and all he wanted was, I think, one percent, just a small interest in the Sands. That's all he wanted. He maintained to us that he wanted [it] as a personal indication. He could not have it said about him that he was turned down for a license, as an unfit person to have a license in Nevada.

Of course, being a little suspicious of things like that, we weren't so sure that it mightn't've been just the case of, if he could've got one percent on the surface, with the one percent, he was actually a stockholder, and the old question immediately arisen, if he was good enough for one percent, he could apply later for seventy-five percent, and say, "If I'm good enough for one percent, I'm good enough for seventy-five," and he'd've been absolutely right, and also, would've given him an excuse to be in the operation. He said he would not have anything to do with it, that's all he wanted.

He finally got down to the point in appearing, where he told the commission, he said, "I'm appearing before you with no representatives, by myself, I'm getting down on my knees to you," and he virtually almost did that, almost got down on his knees into tears, and just said, "I've got to have it. I've got to have it for vindication."

We had been so worked up and so built up over it. He came back, I think, at least two, and maybe three times, and just made an impassioned plea for his own sake, [but] we didn't. The commission didn't give in. We were fully convinced that this was an insidious operation, and we didn't give in. The man didn't get his one percent. He left Nevada, went back to Los Angeles, where he had numerous business interests. And I don't

know—I have no way of knowing, of course—whether a supposition of later events is at all correct, but apparently, there must have been some bearing. He never really gave up trying. As I remember, we got some indirect pitches, or a letter, or people asking us if he couldn't make it. But it wasn't too long after that that he had a stroke, we were told. And I'm sure that was true, that he had a stroke that just completely disabled him. It just kept him completely on his back. He couldn't even sit up. And he lived for quite a long time. I can remember asking people if he was still alive. I don't think he could talk. And whether it is true or not, but the supposition is very logical—in fact, I think in the course of his pleadings, he admitted this point, that it's been the only thing in his life that he'd ever gone after that he couldn't get. And he'd been an extremely successful man. He had sold his liquor business—I think by the record, it showed he had sold it for \$8,000,000, or some figure. And it had been the only thing in his life that he couldn't get, and he just was not going to give up on it, and the frustration of it just completely wrecked him.

I talked to him once before he went down to California, and he was an entirely different man, again. And it ties into my story of Jackie Freedman and the boiler room, because it was Kufferman that had shown me the original design of the Sands Hotel, where I remembered him showing me where the boiler room was, and the theater, and the various things, when the Sands was in the roughing stage. He talked to me very frankly one time, and he said, "I know what you thought, Cahill, and I know what you thought of me. And," he said, "I can understand you thinking that." He says, "I can understand it. I can understand why you would think that. But," he said, "I'm leaving." He was still around the premises of the Sands, and it was

in a makeshift office, or something, that he still had up there. He says, "I'm leaving. I'm going to get out. And I've got to tell you that you were wrong. You were entirely wrong in what you thought. And we don't have to bring it out, because we each know what—" He said, "You were dead wrong in it. But," he said, "I can't say that I hold anything against you for it, or I can't say that I blame you for it, cause I can understand how you would believe the things that you'd heard."

And then he told me some things that were extremely valuable to me. I've touched on it somewhere else in this narrative, of the people that had come to him when it became apparent that he was trying to get a license. People came to him, representing to him that they could get him a license, that he was in trouble, and that he needed somebody to help him, and they would get him a license. And he said, "People would tell me that if I would promise them a fee of \$25,000 or \$50,000, that they would guarantee to get me a license, and that I didn't have to pay 'em until the license was obtained, but that they could get it, and nobody else could. But," he said, "you know, I'm no idiot." He said, "I'm a pretty successful businessman, and," he says, "I didn't get where I am without being able to spot phonies of this type. And," he says, "I knew they couldn't do anything for me. And if they did, it would be a matter of circumstance, and I never talked to any of them." He said, "Why, I got one call from a place called Tonopah, Nevada (I think he pronounced it "To-nah-pah"), and," he said, "I had to look up on the map to see where it was. And," he said, "my own common sense told me [laughing] that somebody from a little place like that, in the middle of the desert, couldn't come down here and get me a license in Las Vegas. And," he said, "I just never listened to 'em. But," he said, "you would never believe the advances that I had on it.

You would never believe the people who told me that they had influence with you, and,” he said, “I had dealt with you well enough by this time that I was darn sure that they didn’t. And,” he said, “I just never fell for it, or never gave in.”

We shook hands and parted rather amiably. As I say, he was an entirely different man. It was a personable, rather charming man that talked to me, and talking on an entirely different level. It’s probably the only major case that I can remember, and one of the very few that I can remember, that I am now convinced that we could have been entirely wrong on. But we couldn’t be convinced at that time, and I was never surer in my life that we were doing a very noble thing in keeping him out. But I’ve carried doubts with it ever since. I’ve always felt that this was one case where we may have misjudged. I may overestimate our judgment in those days, but not very many of them did I ever regret, and an awful lot of our suspicions were verified by later events. But that one, I will always carry around, thinking that circumstances, and his own arrogance—the real key to the things, as I remember it, and can see it now, was the fact that his first appearances, and his arrogance, and his disdain, and everything, just completely verified all those things we’d been told about the man. And he was just the way we expected him to be. And maybe he was that way in his business dealings, but we found out that he could be quite a different man.

And then in the Sands operation, why, Jackie Freedman began to emerge. Of course, history shows Jackie was licensed there. He had run a very, very fancy gaming place in Houston, was a well-known man in Houston, and, I think, well loved, even though he was, of course, an illegal gambler. He ran a gambling palace. I’ve seen pictures of it many times.

It was a gorgeous, private, old mansion that was furnished into a kind of a private club. And the furnishings in it were just almost unbelievable, with the pictures, the luxury, and decoration. It looked like something that came out of the court of the old kings in France, and those days. It was furnished in that style. And I wouldn’t know where to begin or end with tales of Jackie Freedman. I’ve told one or two of them.

He began to put together, I believe, an entirely different operation from the one Kufferman proposed; at least, we were convinced of that. It was built around three men, built around Jackie (and, of course, he had tremendous connections all over the country, was well known), Jack Entratter, who came from the Copa as an entertainment director, and who remained in the same place, in the Sands in Las Vegas, for the rest of his life, for twenty years or more—fabulous man in his own right, an entertainment man, and a man not associated at all in any of the elements we’d been used to. He was strictly a showman. And he’d been the man who booked the entertainment at the Copa in New York, and knew everyone; and, of course, the later history of the Sands showed the results of his experience and background and contact with all of the big names in the entertainment industry. The third man was Eddie Levinson, who would run the gambling. Levinson had, of course, connections that most illegal gamblers had, associations that most of them had. He’d been in Florida, and those places. One of the main handicaps that he had was his brother, who had a name pinned to him, as many of the characters of those days did, became colorful through their nicknames, who was known as “Sleep-out Louie.” And somehow, the name, “Sleep-out Louie,” carries somewhat of a bad connotation. In later years, [laughing] all I could find out was

that the brother really was not an insidious person at all, that probably his name was well attached to him, but he really was nothing to hold against Eddie, or himself. He just wasn't a big, insidious person. Levinson had had some associations you could question, with a background of that type, but basically, he just had no reason that we could find to deny a license for him. It appeared he was a good gaming man. He knew the gaming business, and really, this, as I think I pointed out, is extremely important. He became involved in his operations later, in the Fremont, when he left the Sands, and it came up later in his suit with the federal government. That's well known and a matter of history. But he ran a good operation at the Sands. We knew that he would run a good operation.

Jakie had many others coming in. But Jakie told me, in his own inimitable way, that these were the only people he needed. He said, "Just the three of us." He said, "You let me keep Eddie Levinson, Jack Entratter, and Eddie Torres," who was a food man. He'd been in the produce business, seemed to know the food and, and had always operated it, and still does. He's one of the Riviera [group] today. He's been in the Fremont, the Riviera, and all over, extremely capable man. He has had some questionings in his career, through his association, along the same line that Eddie Levinson did, but basically, I think, is a tremendously capable operator, capable man. Jakie said, "Let me keep those three—Entratter for the entertainment, Levinson for the gambling, Torres for the food—and I don't need anybody else. The rest of 'em are a dime a dozen. Throw 'em out just as fast as you want, and I'll bring you some more, because," he said, "they don't mean anything to my operation. They've got money, they're going to put it in. I need money, and I need support. Just throw 'em out as fast as you

want, and I'll bring some more in. Now, you just keep throwin' 'em out until I finally come up with somebody you like. But just leave me those three, and I'll run this place."

He was absolutely right. They were top men in their field—were, and have been, are. I just think it was probably the best team that was ever assembled in Las Vegas before or since. Entratter remained with them forever, until he died a year or two ago, and became a fabulous person in the entertainment industry. Eddie Torres is running the Riviera Hotel today in his very efficient way, and has justified everything that Jake said about him in capabilities, and as a businessman. And, of course, Levinson has left, after many, many years in the gaming picture. But he ran a tight gaming operation, and an exceedingly good one.

I can remember some of the rest of 'em, but they don't figure very importantly, except one of them, in Nevada history. Some of 'em we approved, some of 'em we didn't. Jakie, as he promised, would bring in somebody else, never argued with us about 'em. He just said, "All you've got to do is tell me you don't want 'em, and I'll go get somebody else."

One man caused us a little concern, a little humor, and a little anecdote, and that was Frank Sinatra. Sinatra was brought in as an applicant, I believe for one percent. It was quite common. The Sands was selling; I think a one percent interest originally sold for \$20,000, which made the entire capital of \$2,000,000. Of course, it wasn't any time 'til it was worth several times that. Sinatra came in, I believe, for one percent—no more than two—one or two percent, and, of course, Entratter had signed him as an entertainer. Harry Claiborne was his attorney. Some of the commissioners balked on him. And basically, they didn't like him. And, of course, Bob Allen was one of those. Anybody that remembers

Bob would know [laughing] he would never be classified as the type of person who would be a Sinatra admirer. Paul McDermott was not too pleased at the time, although I'm sure Paul, as he quite often did, adjusted his opinions and thinking in the light of later events.

But the only things, basically, that we had against Sinatra were his Internal Revenue troubles (he had some at that time) , and Nancy, his first wife, was involving him into some trouble in court over their marital problems. And personally, I could never see any connection between this and his right to hold a license as a gaming man. I have the feeling, now, that because he was so well known, probably the best known person we'd ever had come into the picture, 'cause I'm sure he was pretty much at the zenith of his first career, as an idol of the bobbysoxers, so they decided they wouldn't give him a license 'til they questioned him.

So Harry Claiborne brought him up, and some of the commissioners questioned him to a great degree. Bob Allen asked him a question about something involved in his suit, and an amount of money was concerned with it, and all of us that knew Bob could see that he immediately got mad. He was running his hand back and forth through that gray hair of his, and his eyes were blazing. Sinatra could see that he was mad, and he told him, he said, "Mr. Allen, I seem to have offended you somewhere. What have I said that's wrong?"

Well, Bob wouldn't tell him. He just glared at him. Finally, at least one word came out, that Sinatra had made a deprecating remark about an amount of money that was, to him, small, and probably not so small to Bob Allen, or any of us, in those days. And he probably made some deprecating remark about the amount of money that [made] Bob mad. Bob did say to him, "Well, evidently, Mr. Sinatra,

you don't care about money at all, do you, when you make remarks like you just made?"

And Sinatra says, "I don't remember the remark I made, but I work very hard for my money, and yes, I do care about money. I'm sorry if I've offended you," and so on.

Bob just glared at him for the [laughing] rest of the meeting, and it was very obvious that he wasn't about to become reconciled to giving him a license.

Of course, later events brought him into the limelight again after my days in the commission were over. Again, I think Sinatra's problems, primarily, were probably the same problems that Kufferman had, not in what he did, but in the way he handled what he did, if that be a correct expression. But I can remember it was one of the few times that I felt rather strongly that some of the commission were taking—the rest of 'em appeared to be quite lukewarm—were taking advantage of things that, really, they shouldn't've. They were taking advantage of the fact he was so well known all over the world, and to everybody, and a star, and one thing and another, and that they were going to show how tough they were. And I just didn't think it was the right place to show it. As I say, maybe later events said that I was wrong, but I doubt that. Entertainment people are always closely connected to the element that we always feared in those days, because both of them had money. They spend money. These are the people, the cafe type, as they once were described. They're free spenders, and an awful lot of entertainers know some of these people that're almost the kiss of death to suppose to know. They're also very generous people. They don't turn people down for what other people think of 'em.

Bob Hope is very intimately a friend of many of the people that promoted the Desert Inn because he grew up in Cleveland with 'em.

And I happen to know, because I've talked to him personally about it, he thinks very highly of them, values them as very fine people, and fine friends. Sinatra evidently—I think like a lot of many great entertainers—knew many, many prominent hoodlums.

But anyway, the thrust of this particular meeting was that I just felt that they were taking advantage of him, and hesitating in giving him a license. And I can remember saying to 'em, "There's only two things that you've got at all on this man: one, that he's in trouble with Uncle Sam in his tax problems" (and I knew I was hitting a sympathetic note there, because I knew of at least two of the commissioners at that time were beginning to have some problems with Uncle Sam); "and the other one is he's havin' trouble with his wife. And neither one of 'em are problems that any of us sitting at this table are immune from."

And it was kind of a prophetic remark, as I [laughing] look back on it. But it was the way that I saw it. And I think it kinda changed the attitude a little, because there were some of us that were sitting at that table that later had marital troubles, and there were some that had very strong feelings about the Internal Revenue department. In fact, it wasn't too long after that two cases broke in the Internal Revenue. I don't think either one of 'em—I don't think it had a thing to do with the commissioners involved, because they were fine men. But getting into problems with Uncle Sam over your income tax is something that can happen to anybody.

I think I may have given it too much credit. I think it broke the tension a little, because they did wind up by giving him his one percent, and he kept it until he got into his problems at Lake Tahoe. That, again, I think he largely brought on himself, and, of course, that got a lot of notoriety, too. But it was probably the first time that a real famous

person of that type—at least, connected with the gaming industry—had ever appeared at the state capitol in the governor's office, and it created quite a furor at the time.

Perhaps I'll take up now some of the history of the Tropicana Hotel, which is not exactly in sequence as a matter of matter of time, but was one of the most interesting developments of the earlier days on the Strip. Now, I have, am going to leave, a resume of the history of the Tropicana, particularly as it affected licensing, and so forth, as a part of the papers of this project, so I will try not to duplicate too much what's in that document. However, in it I have only touched on the part that Margaret [Kastel] played in this, and most of it was behind the scenes, and very little of it was ever publicly noticed.

As the paper will show, J. K. Houssels, Sr. originally conceived the idea of the Tropicana Hotel and interested Phil Kastel, a new operator, in the possibilities of a grand and gorgeous place in Las Vegas. I think he had the land spotted, and I think [had] the operation pretty well figured.

Phil Kastel was generally known as the Syndicate leader in New Orleans, controlled most of the illegal activities, and was supposedly a lieutenant of Frank Costello in New York City. And, of course, Costello was probably at that time dubbed the "crime king" of the Syndicate. His operations, I'm sure, in New Orleans were notorious and pretty far flung. He was known by the moniker of "Dandy Phil," although by the time that he was interested in Las Vegas, I'm sure he wasn't a dandy any longer, but quite [an] elderly man, and quite sick, in ill health, at least. But operations in New Orleans were notorious.

Well, it was, of course, obvious that we couldn't license the place with this type, with a man of that notoriety, connected with it. Houssels, Sr. was an old-timer, and he'd

operated many gaming places in the state of Nevada, and particularly in Las Vegas, was well thought of, was, and is, well thought of in the community, and an excellent man in the gaming business, and one of the best known. He, I'm sure, didn't think there was anything wrong in getting some financial support and some money from "Dandy Phil," and made no secret of it. Of course, we, very early, let it be known that there was just no way that we could license them, and they would have to get him out.

Many others were connected with it, and it's all brought out in this document: Morton Downey, the singer, and the [husband] of one of the Talmadge girls of silent film days, and a very rich man, interested in the Coca Cola Company. Ben Jaffe owned land that the Tropicana was to be situated on. He was an insurance man from the midwest, quite wealthy man, and he remained in the Las Vegas picture, as a landowner, at least, for many, many years. But it became quite a complicated and involved operation, and this is pretty well covered in this document that I have referred to.

When it became apparent—and we made no bones about it at all—we just told them flatly that we wouldn't even consider an application from Phil Kastel, and we wouldn't consider an application from the place as long as he was connected with it, which, of course, started a lot of hustling and bustling to put together an operation that was acceptable.

About this time, I got a call from [E. Frandsen] Bud Loomis, who was our attorney at that time, retained on a private basis, and who figured so prominently in the Thunderbird and other cases. I got a call from Bud Loomis, and he said that he had gotten a call from a friend in Las Vegas, and that Phil Kastel's wife was in Vegas, and was very, very anxious to talk to me. She wanted to make

an appointment, and it was very important to her, and that she would come up and meet me. She wanted to talk to me privately, and that she would tell me about the operation and her concern in it. Of course, I was still mindful of the information I had gotten one time on the Riviera Hotel, in somewhat similar circumstances, and I thought I might be going to get an earful. And then, also, in those days, I talked to everybody. I talked to everybody that was concerned in the operation, whether they were hoodlums, or known hoodlums, or anybody else. I wasn't inaccessible, and I felt that I shouldn't be. I've talked to some of the biggest hoodlums in the country, over the telephone and directly, who were imploring to get a license, or anything else.

So I said, "Sure, I'll talk to her."

Bud said, "She'd like to have quite a little time, two or three hours."

I said, "All right."

So he made arrangements for me to meet her at his office in Reno, in the First National Bank building in Reno, and said that he would make the appointment for after his office hours, and that he would leave, and we could have his office and use it as long as we needed it, that I could go into anything I wanted to do, and we would be completely private. She didn't want the press, or anybody, to know that she was talking to me, or anything of the kind. And again, I didn't know, I assumed I might be going to get some very juicy information. And I was no more anxious for the press to know about it than anybody else.

So I went over to the office and was introduced to her there. She was a quite attractive woman, I would say maybe in her thirties, still young enough to be quite attractive. I was told later, and could very easily understand that, that she had been a very attractive, beautiful showgirl at one time, and this was when Phil had married her. She

was quite a lot younger than Phil. Of course, she was past, I'm sure, the showgirl stage at that time, and this was when Phil had married her. She was quite a lot younger than Phil. Of course, she was past, I'm sure, the showgirl stage at that time, being, I'm sure, maybe in her early or middle thirties, at least. But she was, she was a very attractive, personable woman. And, of course, Phil was a very wealthy man from his activities.

So we went into Bud's private office and had a long chat. I found that it was not what I had hoped it might be. She wasn't about to give me any information that was at all useful to me. She was quite candid with the operation. She told me how they'd got involved with it, which, of course, was pretty well verified, and how Phil had become interested in it. But it appeared that it was her dream, this hotel, and that she must've had a lot to do with persuading Phil to become interested in it, because he had a big interest in it originally, or had agreed to take a big interest in it. And she was trying to convince me that it had no connection with Phil's operation in New Orleans, or any of his past operations, or any of his people, but that this was a dream of hers, and she thought it was going to materialize, and now it seemed to be slipping from her grasp.

She evidently was suggesting the possibility of her being licensed instead of Phil, and I tried to explain to her that we might get into a position where she might believe that, and I might believe it, but probably we [would] be about the only ones that did. We'd never be able to justify switching from Phil's application and accepting hers.

Well, she couldn't understand this. I could see it just didn't penetrate, which, of course, led me to think that probably, she believed it—I don't know. But she was very earnest and very intense. Then she began to tell me

of some of her ideas. She thought that no place in Las Vegas had been put up with the benefit of a woman's point of view, and yet she said that women were very important to Las Vegas. And the more I have thought about that in intervening years, I am quite sure she was right, at least to that respect. Now, how profitable an operation would've been is something else. But she said she had been here many times, and, of course, had the money and connections to know Las Vegas pretty well. And she just said, "They are stereotyped business places. They don't appeal to the feminine instincts. There's nothing about it, and it would be so easy to put a place that would still be a good gambling palace, but yet, being done with a woman's eye."

And this was the main part of her thrust. And then she told me about all the ideas she had. She evidently had read up on hotel operation, although I'm sure that her experience was probably limited to that of a show girl and the wife of a notorious syndicate king in New Orleans. But she had ideas, and lots of them. And she said this could be the real showplace of the Strip. It would attract people from all over the world. One thing I can remember, just as a passing remark which showed how she had studied it, was that she was studying the idea of raising pigs to eat the garbage, to utilize the garbage that would come from the kitchens, and be a profitable operation as well as cleaning the operation up. I can't remember some of the specific ideas she had, except along those lines, that she would get the ugly things out of the operation, and she would pay more attention to that end of it. I've been exposed to that for many years since. And, of course, as I say, I have to say there was a lot of merit to what she said.

But it became very evident that this was not only a dream of hers, but an obsession. I don't think I ever saw anybody that was

as completely dedicated to the idea, and she couldn't understand why any of us would not believe her story, and why, what damage it would do to, now, after we've made all this hullabaloo, and publicity—. Of course, the fact that Phil Kastel would be one of the applicants was well known, and a lot had been made of it in the press, and I don't think there was anybody probably more notorious in the country at that time than probably Frank Costello, himself. And she couldn't understand at all why people just couldn't understand her story, and why we couldn't turn around and license her, and let her go ahead with this dream that she had.

I tried gently to explain this to her, that it was a very impractical thing, and that it was just something that couldn't be. But she didn't give up. I was quite fascinated with her ideas and her intensity, and the tenacity she had with it. She just wasn't about to give it up, and she just knew what she could do, if she'd just get the chance. And she appealed on every basis that she could think of.

The only thing that I remember, I began to worry about getting out of the building. We spent a lot of time. It was a very interesting interview, and interesting experience, and she kept coming up with more things. She didn't seem to hold anything back in telling me about her ideas and her dreams. I can remember worrying about the fact that I didn't know what time the janitor left the building. It was somewhat similar to the case I had with the showgirls on the Riviera incident, that I might have a hard time explaining being locked up all night in [laughing] Bud Loomis's office with a very attractive ex-showgirl [laughing]. I remember finally saying to her, "Well, I think maybe I better check and see that there's still a janitor to let us out of the building. I think it'd be a little embarrassing if we were locked overnight."

And she just kinda chuckled and said, "Well, I can sure guess that it might be."

So I did. And I found out we could still get out. I think it was probably ten-thirty, eleven o'clock before we left. I guess we'd talked about everything that there was to talk about, as far as that project was concerned, and probably many others.

But she was certainly intense in her ideas. And she didn't give up then. She was making a desperate personal appeal for some help. She stayed with it, and I think it's referred to in my written history of the Tropicana.

(She stayed there at the hotel for several months, a number of months, after the place was opened, and after it was licensed by completely new people. She refused to budge. And they couldn't get her out, either.)

Kastel was taken out of the picture by some promissory notes, maturing, I believe, over a period of three years, or something like that, in possibly six months intervals (I think this is documented in the narrative). But anyway, this was the way they had to take him out, because he had a considerable investment in it. It was drawn up by attorneys, and we were convinced that it was a legitimate document, and it was. It turned out to be that it was, and they were paying 'em up. But, of course, in the interim period, Kastel still held some notes on the Tropicana, which is the key to the Costello incident, and the fact that while they might not've been interested (I don't believe they were interested at all in the management or the running of the place) they still had substantial notes out against it, and, of course, the financial stability of the place was the only guarantee they had of whether their notes would be paid, their investment would be repaid to them. So I'm sure that it was probably watched pretty closely.

So Margaret had this advantage when she stayed in the hotel, stayed there for I don't

know how long—a matter of months, at least. The new operators were completely cowed by her. They kept out of her way. And she became madder and madder as they started putting this beautiful place into operation. At that time, like many of the others, it was considered as the greatest and most gorgeous thing that had ever come along. But she was getting madder and madder and more frustrated because it had the things wrong with it that everything else had with it, in her mind, and they wouldn't listen to her. So I can remember the operators telling us [laughing] that she had run up a huge bill. I think, the last I heard, they said that she owed 'em \$22,000 for just strictly board and room there, in the hotel, for the months that she was there. "Well," they said, "what are we going to do about it?" They were kind of appealing to us to help.

I said, "We can't help you. That do you do with tenants when they don't pay their bill?"

They said, "Well, we throw 'em out."

I said, "Well, why don't you throw her out?"

Well, that statement ended right there. They said [laughing], "We're not going to throw *her* out! No way."

She stayed around, and stormed up and down the halls, watched 'em, and, I guess, kibitzed with 'em a little, but they wouldn't listen to her. They, I'm sure, tried to silence her as much as they could. But it was quite a picture, of this woman, still refusing to give up her dream, and just completely frustrated at watching these terrible people botching it up, according to her ideas.

As I have said several times, I'm not so sure that she might not have been right in a lot of instances. And I'm not so sure that maybe she wasn't completely sincere in her proposition that, if we would license her, that Phil would stay out of the place, have nothin'

to do with it, and she would run it according to her ideas, and would guarantee me that it'd be run that way. And I'm not so sure, after everything had happened, and we can look at it from retrospect, that she wasn't right. But I'm also still sure that probably the only two people in the State of Nevada, or in the United States of America, that would've believed her would've been herself and me, because I don't believe anybody else would've believed us!

* * * * *

Well, to get onto the Stardust incident—that is, the history of Tony Cornero and his promotion, financing, and the building of what was later to be the Stardust Hotel—[1954-55]. I think it was named that from the beginning in his own promotion. Tony Cornero was an old, old-timer in the business. He had operated gambling boats out of the three-mile limit, out of Los Angeles, for a period. And, also, I guess, in the northern part of the state, because I think that's when Earl Warren got quite a little bit of publicity and fame as a DA in prosecuting these gambling books that had been operating. Now, whether Tony was up in the northern part of California, I don't know. Somebody else may have had the gaming books there, but I know he did have one out of Los Angeles.

His gaming history goes back a long way. Many years before and when Las Vegas was a small town, he ran a small nightclub here. I think it was the Pair o' Dice Club (spelled as a "pair of dice," and not "paradise," as a place in heaven—although there may be a place there for Tony—I don't know).

He put this huge sign up, that he was going to build this, I think it was then scheduled as a 1,200-room hotel, which, in those days, was a tremendous undertaking, on this property, where the Stardust Hotel is located now, and

started to work building it. And we were in the position, then, that we were in many times, of the old question of, “Which comes first, the chicken or the egg?” Does a man build a place and get his investment complete, and then come to you and ask for a license, and then you tell him no, as happened in the case of Kufferman and many others, or should you make a man declare himself before he ever starts? Of course, another thing that you get into is that there’s what I’ve discussed previously, on how far you go in the regulation of the gaming business. There’s no law against a man building a hotel. Men have been known to build a hotel and say they wouldn’t have any gaming in it, and then change their mind later. (I believe that happened in the Holiday in Reno.) And how do you prove what’s on a man’s mind at the time he puts in for an application? I can’t remember in what period of reasoning we were at this point, as to how soon a person had to apply, but the question still plagued us.

I think this was the first time that stock had been sold in a place of this kind. It had a very unique and appealing theory, one that I, personally, was able to observe. And it drove a point home with me, from my observations. I don’t know whether anybody else made the same observation or not. Of course, he was operating under the SEC laws, where he couldn’t sell stock outside of the state of Nevada without qualifying with the SEC, which he didn’t do. But we knew that there was stock being sold in this outside of the state of Nevada, and there was a lot, and to a lot of people. I first observed it [when] my business carried me down to southern California, particularly, and also into the San Francisco area—particularly in the Los Angeles area because of its relation to Las Vegas. Any time that I identified myself as being from Las Vegas, I found that I, pretty

near always, got the same reaction. Whether it was a parking attendant, a bellboy, a cocktail waitress—all of the so-called thou sands of little people in the business—would say, “Oh, Las Vegas! Yeah, I have some stock in the Stardust Hotel in Las Vegas.” These are the people most constantly in contact with, and watching, and interested in Las Vegas. And I could spot, from the many, reactions of this kind I got, that Tony was getting a clientele, or a reaction, that no other place had, that it was the little person’s opportunity to have a piece of a joint in Las Vegas. To beg an expression of the trade, they owned a piece of the joint. They only had small shares of stock, but that made them a stockholder. And I know that Tony was workin’ on this. (Doc Bayley worked on it later in the promotion of the Hacienda— that thousands of stockholders meant thousands of customers.) I know that, occasionally, I would pay for something, or leave a tip of a silver dollar, and the minute you did, they’d say, “Oh, Las Vegas!” And I can remember asking the question, “Well, where’s that going?”

“That’s going in the sock. We save our tips. We save them, so if we occasionally get a trip to Las Vegas, that’s our big splurge. Once every three months or so, we go to Las Vegas and splurge.

Tony was smart enough. He was a very astute guy, smart enough to see that he was creating a big clientele here. He thought he was smart enough to get around the SEC act laws, but he eventually got in default with them. And when the case finally came up for consideration by the Tax Commission, it was quite a publicized event, and it caused a lot of hearings and a lot of problems.

I got into the stock register of the hotel, as it existed then, whenever we got jurisdiction by an application for a license. I saw how he was doing this, and was getting around— or,

thought he was getting around the SEC laws. I wondered how long he'd last. But Tony was a gambler, rather than a businessman. Most gamblers are optimistic, and I guess he figured he could get away with it. But he was making out stock of a hundred shares, generally, or fifty shares, or seventyfive shares, or something like that, made out to "Bearer." Of course, the books didn't reveal this, but the sequence of events did. He would pick up the stock, made out to "Bearer," carry it across the state line, and then, as an individual, evidently, sell it to a bellboy, a waitress, or anybody else that was interested in buying a piece of a joint in Vegas, and they could later transfer the stock to their own name. There was stock all over the place, made out to "Bearer." Finally, it got a little bolder, and went into more than fifty, seventy-five, or a hundred shares.

Now, there was no evidence of any sale in the state of California, for instance, and yet we knew he was selling it to hundreds, maybe thousands, of people there. It was strictly a one-man operation. If I ever knew, I don't remember, how he had—as many of them do—had the management tied up so he had no fear of losing control. I suppose he had a big enough block of stock of his own to assure control. But it was strictly—at this point—a one-man operation.

And the fantastic thing about it was that he built it according to his own ideas as he went along. Now, Kuffman built the Sands in somewhat the same way, in that he was on the job every day, checking the plans, seeing that everybody put the right amount of cement and concrete—he was checking everything, personally. But he was doing it according to the plans and specifications that were drawn by an architect. Tony would come along—and these are stories, but I know they're reliable, and we saw evidences of it—would come along when something was pretty

well along to where he could visualize what was happening, and he'd look at it and say, "I don't like it. Tear it up." And down'd come walls, and expensive construction, and he'd start all over again with it. And stories like this were numerous. I know, at least on one occasion, he just made a major change in the construction, and cost many, many thousands of dollars, and just decided he didn't like it and tore it out. Jakie Freedman did a little of the same when he took over the Sands. They had their own ideas, and knew what they wanted, and when it didn't come out the way they saw it—. Money was no object. So he kept putting up this tremendous plant, and he got it pretty well along in construction, and then, when he applied for the license—.

Now, by this time, he [Cornero] had a weak heart. He had a bad heart (I know it was a bad heart), and when he came to the hearings, he brought a doctor with him, and an oxygen tank. And he testified, the doctor sat right with him while he testified, and had this oxygen tank available. And we, of course, were reminded to be quite sympathetic with the man, and not to treat him too harshly. I don't know—there may have been some good reason behind it. But he would be quite exhausted, and everybody was very concerned about his health while he was testifying. We were holding the hearings in the same place we held the Thunderbird hearing, in the old highway department, the auditorium upstairs, wasn't an auditorium of any size. It created a lot of interest. We had a lot of spectators. But he'd come back to a car parked catercorner across there in the shade, and sit there all day long, watching as to what was going on, and he was very bright. I'd walk by there on my way back to the capitol, and I'd notice him there. He'd be sitting there, I guess with his doctor, in the machine. Somebody else would be in the car with him. And he was

watching those windows, and everybody that went in and out, and everything that went on. This thing drug on for, I guess, days and days. I can't really remember of a length of time, except that I knew that it was drug out considerable.

And we sensed there was something wrong in the SEC liability—I mean, the fact of this stock selling'd been goin' on. He was a difficult—he was a notorious person. I would say, in this instance—I don't think it's something I've discussed before—that sometimes, notoriety is considered more, and more dangerous to an applicant, really, than what's basically wrong with him, because notoriety means, of course, what other people think of you. Everybody's been concerned, always was concerned, about the rest of the nation and the way they looked at Nevada, and we didn't get a break on it, anyway. So sometimes, notoriety was a distinct disadvantage to an individual applying for a license, where, possibly, deep down, he wasn't that bad a person. Now, I wouldn't make that judgment on Tony, whether he was bad or whether he wasn't. He had a long background. But I think it was the suspicion of his operating in the stock sales category. I can't remember, but I'm sure he had some cover on the basis, 'cause in those days, we were -not licensing corporations. He and his people with him would be licensed as individuals, even though they were stockholders in the hotel, itself.

We stalled the thing for a long time. We were under considerable pressure. He got a couple of very good attorneys in Reno working for him, but we stalled long enough where we knew the government was getting into the picture, and just let it stall from there. As the government got farther and farther into the picture, why, more and more things began to come out, and I don't remember whether he got an SEC indictment, but if he

didn't, he had to die to beat it. Of course, as history would disclose, he did die before too long.

The government definitely had him pinned on this—they were smarter than I was, and I could see it—on the idea that he had violated the SEC requirements, was selling stock in violation. So they definitely had him pinned about the time that the license furor (on his part) slowed down to a walk, as far as we were concerned.

Later on, it turned [out] that there was a lot of things went on in the Stardust promotion. Of course, later on, Jake "The Barber" Factor was involved in it, and there was another case of notoriety, more than anything else, I think. The SEC and the FBI, I guess, or whatever the government agencies were, investigating it, ran a lot of things down. One thing that would have no meaning to anybody but me (or someone that read certain sections of my experiences) and one or two others who were associated. There was a person identified by initials only that had some sort of a game going, in which there was supposed to be a large sum of money involved, to straighten the thing out. This person was going to go back to Washington and straighten things out for 'em—[it] had an oddly familiar ring. The only thing that was identifiable were the initials, G. A. And I had an old friend that was associated with me through the incidents that this has been referring to. [He said], "Does that mean anything to you?"

And I said, "No, I can't recall anybody by the name of G. A."

And this guy was sharper than I was. He was an attorney who had been in on the case. He said, "You'd better think back." He said, "Doesn't that ring anything with your old friend, Pierre?"

And all of a sudden, it dawned on me. Pierre La Fitte constantly went under the

name of Gustav Albanese. As a matter of fact, I directed a number of letters to him. That was one of his pseudonyms. And the operator that he was, I just don't doubt that—in my opinion—that the G. A.— [we] would reasonably assume it had been our old friend back in business again [laughing].

The Stardust—my sequence, of course, could be checked out as a matter of tact, and a matter of history. Tony was in deep trouble, but he beat the government. He's one of the few that beat 'em. And it's quite an interesting story.

He was shooting craps in the early morning over at the Desert Inn, and he had a lot of his associates and people around him, I guess, who thought a lot of him and worshipped him. And crap players are voluble, excitable people. If you've ever seen what they call a "real hot" crap game, of people shouting and yelling, you can almost follow from the lounge, or from the lobby, the shouts going with it when a person gets his point, and everybody gets all excited. Tony was shooting in one of these games, in one of these hot games, at the Desert Inn. And he collapsed over there, and they sent for a resuscitator or for a doctor. And one of the owners told me this story, that he saw it, and said that when he went over there, all of the players at the crap table with him were gathered around him, and just as they would in a crap game, were cheering, "Come on, Tony Come on, Tony! Get up, Tony!"—the same way that they could talk a seven out of the dice, they could talk Tony back onto his feet. And he was dead. With all of their cheering, the man said it was quite a funny sensation for him, to see 'em gathered around this body, about five o'clock in the morning, or seven in the morning, or whenever it was, after this hot crap game, and everybody cheering for Tony just like they were cheering for him when he

was throwing the dice. But that throw, he lost. I don't know who won it, whether it was the devil or the Lord, but somebody won it.

And I can't remember in the sequence where Tony's—I know it stopped the SEC case, and it changed the Stardust deal. But here was this huge place, already laid out, walls up; I wouldn't venture a guess as to what stage of completion it was. Apparently, it was in a stage of—I don't know—fifty percent completion, or seventy-five percent completed. The walls were up. I can remember all of the power plant, and all of those things, were back there. And then it went into receivership, and stayed in receivership for—I don't know—a couple of years, I guess, quite a long time. Paul McDermott was the receiver. (That was after he got off the Tax Commission.) Paul was the receiver and held the place while all of these things—. Tom Foley was his attorney. And the thing went through a couple of years of litigation. I can remember Paul taking me through there, and going and looking out there at all of this huge powerhouse, and huge boards of electrical wiring, and switches, and relays, and whatever—all the other things. They had a maze of these things. But it hadn't been completed to the point that they were covered, and desert sand had just blown in there to—where at a point, it'd almost make you sick to look at it. The boilers were filled with the sand blowing through the open spaces that hadn't been covered. The walls were around it, but it hadn't been ceilinged—or it just had open spaces, or hadn't been finished to the point of being weather-tight. I can remember the drifting sand through all of this, and the immense amount of damage that may have been done by it. When the hotel was taken over later by the Desert Inn group, I know most of this stuff had to be taken out.

I was told that, actually, there wasn't quite the loss that was apparent. These huge

generators—he had two huge generators and power plants in there—he had bought them from one of the Oregon power systems. I don't know whether it was Hood River—somewhere up in that area, the company's river power plants. And these were surplus units that he had bought quite cheap, as a matter of money would go, and had them moved down here and installed. But it was very dubious whether they really would have done the work. But again, this was Tony, putting this thing together out of the back of his head, and he was buyin' here, and buyin' there, wherever he could.

He may not have been operating to the same extent that the famous Winchester House in San Jose, but a little bit of the same idea [laughing]. I think he was going on a day-today basis out of the back of his head, and if he saw a good buy somewhere, he'd buy it. There's no question he was quite an operator, and he left quite an impression on the people of the state. I know he left quite an impression on that man in the Desert Inn, [who] watched him when he was laying there after he'd dropped off the crap game. But he died the way he lived. He died shooting craps, so that's one thing I'm sure of [laughing] that is true to life.

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At this point, perhaps, we can leave the stories of the individual places as they might have developed, and go into the first of two very interesting eras in the early '50s, and up to the middle '50s, all a part of the Russell administration and a part of the problems involved in that administration.

Up to this point, most of the places that had been built and financed in Las Vegas were built by the people we have discussed all along, the people in the Desert Inn, the Sands,

the Sahara, the Flamingo, places of this type. They were of the old school, they were gaming operators, men who knew the gambling business thoroughly, knew how to run it, and made money running it. And there was enough of these beautiful places, successful places, that Las Vegas was beginning to attract a lot of attention all over the country. The "star" policy was probably in full swing. They were paying these fantastic salaries to the stars, which is probably a problem and a story in itself, competing with each other, and kept raising fabulous salaries until they brought a monster on themselves with their own creation.

Vegas was getting a lot of notoriety, and we went into what I like to call the era of the shopkeeper, the era of the businessman, and it seemed to be a contagion for a period of at least two or three years. People came flocking to Las Vegas with money to invest, and it was money made in different kinds of enterprises than the old-timers that came here, the illegal gamblers that came here, with their knowledge of the gaming business. And a generalization I've often [used], all of a sudden, the butcher, and the baker, and the candlestick maker, who had made a fortune in their own business, decided that it was time to gather up the fortune they'd made and invest it into Las Vegas, where it was really the end of the rainbow, and where gold would just flow. So probably, it was one of the most difficult periods that we ever went through.

I think I have covered, in past narrative, some of these people, but I'll have to run the risk of duplicating it. But almost literally (I don't remember a candlestick maker) I do remember of butchers and bakers, meat producers, bakers, and nightclub operators, people that made money in the automobile agencies, automobile business, hardware, wholesale hardware business, manufacturing,

most of them investors, and the saddest and hardest of all, just plain promoters or eager, fast buck people who saw the opportunity to come to Las Vegas and promote ideas and talking someone else into putting up the money for their ideas. And it was constantly being promoted, people were looking in other parts of the country for capital, for people to come in, and there was a general influx of people that were going to cash in on this fabulous place that had grown up out of the desert.

We, of course, couldn't find anything wrong with their background because they'd never been in a business of this type. Lou Walters came from the Latin Quarter Revue in New York and Miami, where it was a very successful nightclub, decided that he was going to get into the business. I think I've narrated his troubles at Lake Tahoe. The man [who] started the Silver Palace was a wealthy man from Buffalo (his name escapes me at present), which was a downtown place. Two bakers, whose names escape me, but I'll never forget, started the Bird Cage in Las Vegas. The Desert Spa, which, for a long time, was just an idea on paper, and a plot of land owned, was a brainchild of a very enterprising promoter, a nightclub operator in San Diego, and some people of this type. The New Frontier had been built by Jake Kozloff, and it was a source of continual problems for longer than I care to remember. At that time, it had several people in and out of the operation. The Royal Nevada was promoted, and it had several groups in it.

Quite often, some of these were obviously unconcealed promotions. People were trying to raise money, they were getting an option, or they had an idea and an option, or a lease, and were looking for people to run it for 'em.

I can remember the particular case that created the terrific gale of laughter in the Tax Commission. I think I've just generally

referred to it once before, a place that I said was a ridiculous promotion, 'cause it was a small nightclub. And this young man had come out of out around Montana, was quite a wealthy young man, and had made money off of his father's mines. He had some mining claims, and I think his father had left him some substantial mining property and business. So he came to Las Vegas, and he got a man—all I can remember, his last name was Cohen (and there was many, many Cohens on the Las Vegas scene) who had operated a restaurant, and had been connected with the restaurant and nightclub business. He was completely, flat broke, but he interested the young man, and the young man came forward with some money. And when he was being questioned by members of the commission, Cohen finally got on the stand. He was a very frank, open sort of a fellow, and he admitted that he'd gotten the lease on the place and had the ideas, so then he dug up Max. And they said, "Well, what kind of finances do you have? What've you got to put into the place?"

And he said very sincerely, "I've got the lease, and I've got Max. And that's all I need. I've got the lease, and Max has got the money" [laughing].

So many of these, we knew, and I knew, beyond a doubt, could never get off the ground. There was no experience involved, and the old-time partnership that's been referred to so often, this "I'll furnish the brains, and you furnish the money," never works out, or seldom does. And there was an awful lot of these things that were going up. Sometimes we found operations that—I can remember one of the Desert Spa operations, where everybody thought somebody else had the money. And when it turned out, and you started shredding down, nobody had anything but what they thought somebody else had. This was rampant.

Jake Kozloff was an old-timer here, [is] well known yet in Las Vegas, but had been interested in gaming, and was an experienced gambler, gaming operator, decided that he was going to put up the New Frontier on the grounds of the Last Frontier. They left the old portion of the Frontier that Bill Moore had put up (which was, by this time, getting pretty well worn, and a little bit dilapidated, and was completely out of character with the new Las Vegas scene) and then he was going to put up a gorgeous, new showroom, gaming room, bar, and all of that. But there were no plans in it for any rooms. As I remember, he had an investment of about \$2,000,000 in this rather gaudy, gorgeous structure, and he was going to put up the New Frontier. I can remember as it went up, it was being painted in a rather loud purple, and entirely out of line with the rest of the Frontier that had been put up in the style of the old West, and the rambling rooms, and so forth. Now, here was this modern, gaudy new building, not done luxuriously, but done with a lot of money, and a lot of show.

Jake had evidently gone out and gone ahead and built this thing with no permanent financing, and no assurance of a license, nor anything else. It seemed as though it began to come out that maybe he'd gotten the cart before the horse, and that probably, his financing depended upon his ability to get a license, and his ability to get a license was not at all firm at that point. The way that he went at it caused lots of troubles. He pushed it to the point where he couldn't meet his payroll, and he couldn't pay off his contractors, the contractor couldn't pay off the subs, the subs couldn't pay their help. We had almost a crisis here in this area. The labor people were after us, everybody was storming at us to do something about it, and it appeared like too much had already been done.

This was also the start of a line of thinking in Las Vegas, that a lot of these people got themselves into these messes, and then, when it became apparent as to what a mess it was, they went running to the Tax Commission and to Governor Russell to bail 'em out of it, and demanding, "Do something." In many cases, nobody was real specific as to what that "something" was that we were supposed to do. It was just oversimplifying it. They just said, "Look, this is the situation. Now, do something about it, and solve it." It created quite a furor.

Jake evidently had thought that licensing was a foregone conclusion, and it wasn't. I can't remember all the details of this, but he'd gotten things into a mess, and we weren't about to license him just to get him out of it, and we didn't like the way he went at it. And there was probably other complications that I can't immediately recall. It was a very complicated issue. And the structure was well up before it was apparent that he ran out of money.

It also was typical of these new ventures that were going in, everybody wanted to come in and cash in on this great, fabulous town, and nobody wanted to go to the expense and to the drudgery of operating a hotel and rooms. They really wanted to put up casinos, and showrooms, and get to be part of the glamorous picture, and let somebody else worry about putting them up. Or, if they did put up any—a few of 'em put up rooms, but they were completely inadequate. This was borne out later in the next era that I'm going to cover, that rooms are basic, because you have to have rooms for people to stay to have customers. And particularly, as Las Vegas was operated in those days, the hotel end of the business was not profitable. Later on, I'm sure they had to sustain themselves. But at that point, I don't

believe they sustained themselves. They put them [up] as a convenience for people, at low rates for people to stay, and then people spent their money on the gaming, and the shows, and the other things that Las Vegas had to offer.

So these things were beginning to fall apart at the seams before they ever got started. I can remember one description by a man, probably one of the best in the business, as an operator of a gaming place and a businessman. He said, "The plan of the Frontier is ridiculous. This gaudy, gorgeous, \$2,000,000 showroom and gaming palace that they have, and the old worn-down-at-the-heels rooms of the old Last Frontier are just completely misfit. It's just like a man going into a society full dress ball, wearing full dress outfit and prospector's boots covered with mud. The rooms just will not bring the type of people that would spend the money in that place. [They] are not going to stay there." It was a problem that had developed kinda like a snowball running downhill, and it was developing pretty rapidly.

The Desert Spa that was being planned had no rooms at all. Nobody wanted to go through the bother of operating them. The Royal Nevada didn't have adequate number of rooms. The Moulin Rouge was planned by businessmen from New York as a "black and tan" place, as the expression went in those days, and was completely ahead of its time, and it did have some rooms that're still operated as a motel. But most of them just overlooked the basic idea of the thing, and were in to cash in on as much money and as quick as they could.

Well, needless to say, most of these places crashed as spectacularly as they started. Many of 'em didn't really get off the ground. Others started, and then immediately got into problems. The Frontier finally got open,

after many abortive starts. (I can't even recall, again, the sequence of those.) The Royal Nevada, across the way, had the same problems.

We began, for the first time, to run into the experience of at least two managements, and two boards of directors, one legitimate board of directors, and one "rump" board of directors, as the saying goes. The only difficulty of the problem was that each one thought they were the legitimate one, and the other one was the rump. And we couldn't determine. They began to become involved with promoters like Maury Friedman, and people like this, just came in rapid sequence. Maury was a good finance, and a good promoter. Originally—I guess it was originally, but in this promotion somewhere—we came into the team of Friedman, Leff, and Leeds. They were all financial men. Leff was a contractor; Leeds was an insurance man; Friedman was around the Las Vegas scene for many, many years, was a financier, finance man, promoter, a wealthy man, and a man who made lots of money. But there was nothing, in our opinion, solid in the organization.

The story of Friedman, Left, and Leeds goes back to California, Los Angeles. Sam Yorty, now mayor of Los Angeles, was involved with 'em at one time as their attorney, and got into the picture. It involved the Earl Warren administration, it had a long history of promotion. I may be able to get into the story of one of their promotions in Los Angeles, but I'll do it under separate title.

We just couldn't clear any of these operations. The Royal Nevada at one time had three groups claiming to be the operating owners. They just kept passing from one to the other, and again, we began to see evidences of the same picture that we saw in the Desert Spa, and some of the other ones, that everybody thought somebody else had the money. There

was a uranium king that was supposed to come in to salvage the Royal Nevada. He'd made money in uranium in California, and put his feet up on the desk, and was elected president by one group. And we began to investigate him a little more thoroughly, found he'd been a bellboy in the Riverside Hotel in Reno, and went to Winnemucca, went to Denver and did make a uranium find. But as near as we could find out, it may have brought him \$150,000, or some figure like that. It was a lot of money to an ex-bellboy, or a prospector. He invested part of that in a Buick agency in Colorado somewhere. And I'm sure, by the time he got to Nevada, he had nothing but his reputation of having a lot of money. He'd made it in uranium, and right at that particular time, anybody that had uranium was rich, supposedly. And he had his feet on the desk, running one part of the operation, and throwing out some of the others who claimed they were still in.

The Frontier was very definitely into this picture. One was headed by an automobile dealer, a very successful automobile dealer out of Los Angeles, and Garwood Vann, a bandleader, and a man still around in business in Vegas, was involved in it—well, it seemed like most everybody that could be involved into the act somewhere along the line, and it was a terribly confused picture.

I personally believe—and this is my memory, and I think it might be denied by other reviewers, but I always remembered this as to what I believe to be a fact—that the policy of lounge shows in Las Vegas, with stars, and people other than just somebody twanging a guitar, bringing stars into the lounge— or, at least people who may not have been top ranking stars like those that operated in the showroom, but they were wellknown names in the entertainment business— evolved from the Royal Nevada. When the

things were finally unraveled and they tried to operate it for a short time, they found that out of the three management groups that had been in—and they had sometimes more than one person holding down the same title— that they had signed up as many as three groups to play at the same time in the showroom. And some of the contracts couldn't be canceled, and they had 'em on their hands. So they [laughing] —they put a couple of 'em out in the lounge because by the time somebody had salvaged the operation, why, these valid contracts were in existence and had been made unbeknownst to somebody else that was making a contract at the same time.

I think it was about as wild and confused a time as anyone can imagine or remember. The Frontier had a long, drawn-out history. Even after Kozloff somewhere along the line got out of the picture, there were huge, outstanding debts. Two boards of directors and two management groups, each physically trying to restrain the other. I know some of them had shown up with some bruises and a black eye. I remember Garwood Vann had a black eye he'd gotten somewhere along the line. How he got it, I don't know, exactly, but nevertheless, he had [laughing] a beauty. And it was quite, quite violent.

And, of course, the community was putting pressure on us to do something about it so that the bills could be paid, and the suppliers, would be paid. Each management group was throwing all the pressure they knew how to throw at us to make a decision that they were the legitimate group in the area. Each was fighting the other, physically, even to physical restraint, and it became to be almost a wild, unsolvable problem, and it got no better.

Finally, as I remember the Frontier incident, the two groups finally probably wore themselves out, battling with each other. I

suppose there were periods in there where they were operating. I can't remember that as well as I would like to. But I know that somewhere along the line, not particularly involved with either of the two original groups, somebody came up with Vera Krupp, who was the wife of one of the Krupps of the Krupp family in Germany, an immensely wealthy family. And evidently, she was getting a divorce and had bought the ranch in Las Vegas that had previously belonged to Lum and Abner (and today is owned by Howard Hughes)*. And she had some money, money that, to a poor country boy like ourselves, or the local people, would be a lot of money, but really wasn't much more than a drop in the bucket in operating a large place like this, and the demands that were upon it. She had a boyfriend, who is still around the Las Vegas scene somewhere, and he was trying to look out for her interests. She was evidently planning on the amount of money she was going to receive as a final settlement of the Krupp fortune, from her husband. They did manage to wangle a \$300,000 investment out of her. And to my memory, as near as we could find out, it represented a substantial portion other than this ranch, which was not a self-sustaining ranch, represented a substantial portion of what she had. Another promoter had interested her in it, and I'm sure he came in with the same old business, "I've got the idea, and you've got the money, and between us, we'll run a bang-up business.

By this time, the Gaming Control Board was in operation, in its early days, and I can remember of Newell Hancock, who is a certified public accountant, and very familiar with gaming operations and financing, talking to her. We all talked to her and tried to convince her that she was being taken. And yet, as public officials, we couldn't make direct accusations to people, or tell her that the

people she was involved with were trying to separate her from her money. They watched us very closely—that was another little tactic—to see that we never got alone with 'em to make a statement of that kind, even if we had desired to do so. Newell, at that time, I can remember very well, made about as frank a statement as he could've possibly made, and warned her, the old caveat emptor idea, and played on that theme, that she better investigate what she was doing. [He] asked her if she knew what she was doin', if she thought she had security for it, and she was making a good investment, pointing out to her, as I remember, that anything that she showed us in the way of a financial statement, she didn't have the kind of money that such an investment would seem to indicate. In other words, it wasn't just pocket money to her. And this turned out to be quite true, because through, I guess, some other involvements, perhaps personal, her settlement from Krupp never came through to anywhere near the extent that she thought it should. She was left with a huge diamond that covered half of her hand, was stolen once and featured in quite a number of stories, the ranch, and, according to anything we had, not much else above it. Needless to say, as the saying goes, she blew her \$300,000. It lasted a short while, and then they were back into trouble again. This was at least the third abortive attempt to operate the place.

The Royal Nevada finally opened. I can't remember just exactly how all of the mess was straightened out to the extent that we could get it to open, but I know they opened with stars playing in the showroom and lounge and a general air of confusion.

We were also getting an influx of people from Miami, of people who were well known

*It is now a state park.

in the rackets, in the syndicate business, who had bad records, who you might generalize as the “baddies.” They were desperately trying to get into the various operations. The Dunes was the scene of a struggle for some of these interests, [and] the Frontier. They were desperately trying to convince us that they were proper people to be licensed. There was others in the intermediate group, you might say, that had some record, not that you could classify as being connected with hoodlums, or syndicates, or anything of that nature, but still had records that you just couldn’t completely trust at the time, and see that they were proper to license, because of some reservation, or some doubt on ’em, because of the general condition that was here.

I can remember one of ’em. [Laughing] Paul McDermott used to catch the brunt of a lot of it, because, of course, he was here on the scene, so they were all scrambling and looking him up, or trying to make appointments to talk to me, or coming up to Carson and talking to me and running down and talking to him. I can remember at least one case where the wives became involved, and the wife of one of ’em staged a hysterical scene in Paul’s office because her husband was being categorized as a hoodlum, and he wasn’t, he was a fine man (she said). She fainted, and Paul had to get smelling salts for her, and finally get her carried or assisted out of the place, still hysterical, because he was on that nasty commission that wouldn’t license her husband.

The Moulin Rouge was being promoted by a group of New York businessmen. I remember some of ’em were interested in a chain called “Cobb’s restaurants” in New York. But all of ’em that surfaced at least were apparently not connected with the gaming business, as such. They may have known the business by association, in nightclubs, or restaurants, and things of that nature. But

they had financial problems. Probably all of ’em did. Because the minute that these type of people came in (and they were not under the control of a single head, or a single group that respected a single head, as these previous places had) there was inside struggles for power. They were struggling with each other, they were elbowing each other, they were just a constant [laughing] ruckus going on in every instance. The Moulin Rouge was one of these.

Then people would come to us with stories that they had been misrepresented, and they wanted their money back. Others would come to us with a different type of story, that they weren’t allowed to buy the interest they were promised. Everybody just seemed to turn around and look to the gaming administration as the solution for all the problems.

By now, many of them, the money was running thin, and they were starting to renege on their payrolls, and they weren’t meeting their payrolls. Then the labor unions were after us to see that their people got paid, and to protect their people. Suppliers were after us to help them collect their bills. And also, from both ends, we began to find some indications in some places the idea that probably we should take the bull by the horns and cancel their license; our authority may have been a little dubious, but take ’em out of business. And a lot of people didn’t agree with that. The suppliers didn’t want ’em out of business because then, they said, “They won’t ever pay us.” And the unions largely took the same stand, “Well, if you put ’em out of business, then we know our people won’t get any money. So you’ve got to leave ’em in the business.” Well, when you got to the question, “Well, what then? How is leaving them in the business going to solve any of these problems?”

They couldn't give us any satisfactory or adequate answers, except that pressures were going from all sides to try to protect their own interests. I know that the governor got into many of these things, and the pressures just got tremendous on all sides. Some of the times, they were diametrically opposed to each other as to what we should do, and the only way it could be defined was, it was rapidly developing into a grand and gorgeous mess.

Some of those places like the Bird Cage, for instance, and the Silver Palace, and some of those, operated just long enough for their initial cash to run out, and then had to close. Somewhere in this period, the Dunes had to close down. Of course, the Frontier and Royal Nevada were dark intermittently. We began to see what dark places did to the Strip. It's very evident the other operators just didn't like the idea of a dark place, and it seemed to me an almost insoluble problem that was rapidly getting worse. The Royal Nevada folded with a crash on New Year's Eve, 1956. We know, at that time, (at the risk of repeating myself) that, for instance, Moe Dalitz sent \$10,000 over from the Desert Inn, told 'em to put it in their bankroll and keep the place open, that they could pay him back if they could, but if not, he'd just have to take that chance, but imploring them not to close the place on New Year's Eve. Well, obviously, the only thing that happened was that they used his \$10,000, and the thing closed with a bang anyway.

People who were not supposed to have an interest in the place—the husband of the lady who staged the hysterical scene in Paul McDermott's office was running around grabbing his box, and looking for money, and saying, "I'm going to get mine. Bartenders were rifling the cash registers, stuffing the money in their pockets and saying, "If we're not going to get paid, we might as well take what's here." Money disappeared off the tables,

and [laughing] there was just a grand melee. (I think I may have covered that before.) I think it illustrates the condition that existed at the time, and also, illustrates a point I made just a little bit earlier, what kind of a man Moe Dalitz was.

The Dunes eventually opened. Jackie Freedman decided to take it over, and announced the famous "marriage of the Dunes and Sands." But that didn't last very long. Jackie found that the places were too close, and that it wasn't a satisfactory operation. Eventually, the Dunes passed on and was reorganized, I think, by some of the people who had been in it originally.

During the closed periods, much of the material supplies disappeared, I think both from the element of people who they owed money deciding that this was the only way they could get it, and others were just outright thievery. The Moulin Rouge closed with a bang after a brief spell of operation. The story of a number of New York steaks and things that disappeared out of the kitchen in a matter of a few minutes was told around Las Vegas for a long time, and undoubtedly true. Oh, we had many individual stories that we could never get the time to go into.

But eventually, things settled down, as they always do, eventually. But they settled down only when gaming places got back into the hands of gaming people, gaming operators. The lessons were hard, but they found out that a man might have the ability to make a fortune in other lines of business that many people thought was much harder and took lots more ability than the gaming business. That's the normal thinking of people. They think of the gambling business as just being something anybody can operate. But it only ended when these places filtered back in the hands of gamblers, gambling operators, and people who knew gambling, and knew how

to operate them, and who were financed to operate them. You never had this problem in the days when Jakie Freedman got his men around him, or the Desert Inn organized their people, because they were amply financed. They were people who had acknowledged leaders among them. They may have had some strife. As the saying used to go, they had some terrific fights behind closed doors, but they always emerged with a conclusion and a decision, and an agreement on what was going to be done. And these other operations were just completely out of hand, so many of 'em purely promotional.

It was a real object lesson, that gaming was better operated in the state of Nevada in the hands of the people that know the business, and that has really never changed. We came back into another era, which I'll touch on later, which we call the era of the high rise, when these gaming operators absorbed the lessons that came from this hectic period, and adjusted to a solid concept of operation, based on providing rooms, and building an operation around rooms that would keep people, based upon adequate financing. And we went, of course, from there into the corporate structure. But that's another story for another time.

* * * * *

I was beginning to see more and more evidence of maneuvering going on in the licensing field, particularly down here in Las Vegas. We had many applicants, and we learned there was lots of questionable people coming in for licenses. Las Vegas was developed by outside gambling interests and outside capital. It got to be a very difficult matter to handle because it was just very hard to determine who was qualified for a license, and who wasn't, from this outside group.

But I knew there was a lot of maneuvering going on. New places were coming out. They were maneuvering for licenses. Some people were questionable; some weren't. All were nervous. And I think the first indication that I had of it was [when] I came down here one time [and] a very good friend of mine, who was very familiar with the political structure in the state of Nevada, and also a good personal friend, called me in. He, of course, knew the community down here. He'd been raised down here. And he said, "Do you know what's going on, how people are using you?"

And I said, "No. I can't say that I do."

I didn't come down to Las Vegas too often because I was a little leery of it at that time. I just didn't understand all these people, and I was a little leery of it. I tried to come down as seldom as possible. But as new places went up, there was more and more pressure all the time.

He mentioned a man who was a mutual friend of ours, a man I'd known for many years, and a man who was well known in Las Vegas, and had represented gaming interests at one time as a lobbyist. [He] was, at that point, very interested in gaming, and the development of Las Vegas. He had worked for me at one time under rather unusual circumstances. He worked for me [in] a job down here at one time when I came into the commission. He was working down here. And he was a very strong supporter of Carville's. But I found there was a lot of power plays going on. People were maneuvering for position. It was obvious that it was a growing community, and there was a lot to be made. I did know that every time I came down here, I was asked by our man -down here, saying, "Have you stopped in and seen him today? He gets awful hurt when you don't stop in and see him and say hello to him. You're an old friend." And he was, and I knew him well. And

so he would sometimes take me over, and say, "Come on in and say hello to him."

So I did. I would go in and say hello to him. We'd visit, and one thing and another. He'd talk politics a little, and ask me a few questions. And we'd have a nice dinner. We might go out and have a drink.

But this man that was talking to me says, "Well, he's using you. He is representing people on a more or less unofficial public relations basis. But he's representing that he can reach you with most anything, and if people want something from you, that they can do it through him."

I did know that in some of the license applications that were coming up, he was behind it—I mean, he was obviously supporting certain people for a license. And I also noticed that he would come up to Carson City, but he never came near me, or never came near the commission. But he'd come up there during the time this license was up for consideration.

My friend said, "You'd better be careful because he is using you and his friendship for you, and people might get the wrong impression from it, because he is interested in some of these things that come up."

Well, that got me to noticing a little bit. Then I noticed others. There were some characters, both in Reno and Las Vegas, that were either political hangers-on, or familiar with the old-timers, and been raised around the state, knew what was going on politically. One or two of them were working as public relations people, trying to tell these people what they had to do, to consult with them, to get a license. One I can remember particularly. I knew his background and knew his maneuvering. I wouldn't've told him anything that I didn't have to tell him, but I had to give him matters of public record. And he would call me up and tell me very frankly,

"I represent so-and-so, coming for a license. Is there any more information you need? Have you got what you want?" lets say.

"Yes, I have everything I want."

He might've called me in between times to ask if there was anything he could furnish, or bring the man over and introduce him, or something. And then he'd say, "Well, now I'd like to know what happens on this license. I'm not allowed to be there. And I just can't let my client hear in the newspaper or in the radio report as to what happened to him when I'm supposed to represent him. Will you tell me about what time you might get a decision on this case so you can let me know?"

Well, of course, I may say, "I'll let you know when the matter is public record, when we've made our decision, when the meeting's over," which was when we released it.

And he said, "Well, if you would, please, I'd like to know. I'd like to be able to tell 'em what's happened to 'em, not have 'em hear it from some other source." He says, "I think I'm entitled to that." And I'd always have a message on my desk that he'd called, that he'd called sometimes two and three times.

And so I'd tell him the license was granted. "Great. Thank you."

This was the case, I was being told, and this other. This was that people were telling of the representations they'd made to the Tax Commission, some of the representations they'd made to me, and being retained by people to tell 'em what to do. People that came in here were all strange in this, didn't know what to do, who to contact, or anything else. They were steering them around, and then afterwards, I began to find out, were saying, "Well, you see? Now I got your license for you." And I was beginning to find out that a lot of people down here were making book on what was going to happen. In other words, they would go to a client—this developed

to a great degree, and just kept pyramiding, and getting worse and worse—would go to a client, or to a person, and say, “Look, I can be very valuable in getting a license for you from the Tax Commission. I know the ropes, I know the people to go to. Cahill’s a very good friend of mine. Russell’s a very good friend (or Pittman), and I’ll make the representations for you. I can get a license for you. It’ll cost you a little money.”

I also found out, much to my dismay, that even, occasionally, in the case of an attorney, people were told, “Now, this is going to cost you some pretty good money,” and, I suppose, built a fantastic fee for what they did. They were not—nothing was ever directly told, but leaving the innuendo that, “Well, licenses cost money.” In other words, “I have to take this up and parcel it around in order to get you a license,” justifying a heavy fee for representation.

And the fact that the commission meetings were private, and nobody knew what was going on in them, I think, helped them in this respect. The clients, as they could do later, and do now, the applicants, themselves, couldn’t go there and hear the proceedings of the commission. They would go and testify, but then they were excused and went on about their business. It was a particularly hard time in the development of gaming control, growing fast, power structures were developing, individual power empires were struggling with each other, and there was a situation of this kind existing.

After I got down here [Las Vegas] and had a gaming man down here (Ray Warren was my first one), of course, he was here on the grounds, and would hear a lot and know of a lot of the things that were going on. And it was remarkable in those early days, the things that went on and the opinions that were held. It was something new to ‘em. Legal

regulation of this type was new. Dealers were talkin’ what Bill Moore used to call “card room talk”—“dealer room talk,” and exchanging stories, and everybody had ideas. The original group that came in here, most of them were illegal gamblers. They did come from a state where they had to pay for the “ice,” as they called it, to be left alone for influence, and they were pretty much suckers to influence peddlers who represented to them that they could help them out.

A story started going around, when things became more of an issue, that there was a payoff involved. Why, the figure was fixed. Seemed to be a figure of \$25,000 was generally fixed. And, of course, when it was the subject of speculating, so to speak, making book on it, it didn’t make any difference what decision you made. If you got into a controversial issue, where some people thought they should have a license, there were other people who thought that they should not have a license, which was the case in most controversial issues. Regardless of which way you decided, the local gossip and the local gentry have concluded that you were either paid off to get them a license, or that somebody else, some competitor, had paid you off to keep them from getting a license. So you couldn’t stop the rumors. If I could have known all of the things that were attributed to me, I might’ve become a millionaire in paper profits.

I also began to find out, when I had to come down more, that people were coming up to me and greeting me cordially, and making a lot of small talk with me, and I found out that it was an exhibition put on for somebody’s benefit. I can recall one time when the Sands license was coming up, and it’s one of the biggest ones, and it caused a great big ruckus before we were through. I think this was when the first group failed. [Mack] Kufferman and his group failed to get a license for a reason

that we felt they were not entitled to one, and I think this was when Jakie Freedman and his group were applying for the license. I was walking down the aisle by the Desert Inn Lounge, I think, in the afternoon, on cocktail hour. I'd been to see somebody, and I was walkin' down the aisle, and I was seized from behind, and a great, big character threw his arm around me, gave me a big bear hug, and most effusive greetings, patted me on the cheek, slapped me on the back, "Geez, how are ya? It's sure good so see ya!"

And I was standing there puzzling as to who he was. There was something familiar about him, and yet—. Maybe if I'd been a different type individual, it might've worked differently. But I didn't feel like punching him in the nose, or rudely pushing him away, and saying, "Who in the hell are you to approach me this way?" I didn't feel holier than thou with people, and I never acted that way with 'em. So he kind of—as I look back on it—in a rather low voice [he] said, "Why, I'm Matt So-andso. Don't you remember? I was up in your office talking to you about a license not long ago. Remember what you told me?" And, "Do you remember this that went on? Remember that?"

Well, vaguely, I did.

"Come on over and meet some friends of mine.

And I really didn't have much choice. I was kind of a bewildered country boy yet. I was grabbed by the arm, and taken over, and introduced to people. I found out that I was being introduced to the people who were going to apply for the license of the Sands Hotel that had been held up, Jakie Freedman and others. The man was sparring for a job primarily as bar manager, or said he was bar manager of the place, but undoubtedly had sold himself to these people as being the man that could steer their affairs for 'em

(for a reasonable fee, I'm sure, or he wouldn't be remembered for it). But he could steer their license through for 'em, show them the pitfalls, and all, and he was a very close, personal friend of mine. I'd never seen the man before in my life: I say [never] seen him before in my life. I didn't remember him. I had seen him, and I'm sure he's correct. He did come into the office, and I had dozens of 'em that did that. He was a personable guy.

"Well, sit down and have a drink with us."

Well, I knew now I was being introduced to some people that I should know. I, of course, did sit down, have a drink with 'em.

Other people that I'd known, Young Democrats, or people that had contacts with me, would come up and talk to me real friendly, and I'd have a cup of coffee with 'em, or something. They might casually ask me about who was applying for a license—I remember it came up when Joe [W.] Brown came up for a license—and one thing and another and then they'd go to these people and say, "Now, look. I'm a very dear friend of this person. I can get it, this license for you. It's going to be awful hard to get it if you haven't got somebody on your side," and totally unknown to us. A lot of these people were buying this, and would say, "Sure, if you can get us a license, as you say you can, why, we'll pay you." It was made on a foolproof basis, "If you get a license, why, you can pay us for the work we've done for you." And obviously, they were making book on the fact that they would get a license. A good portion of them did. They knew pretty well the ones that would stand a reasonable chance. Some of those that had these people representing for 'em didn't need 'em at all. The application was in order, and they would've gotten a license without anybody ever saying a word. But they, of course, didn't know that. They had come from illegal gambling states, and rather expected it.

This took me, really, years to put together. I began to know what was happening to me. I couldn't withdraw from contact with people altogether, yet I had to be awful cautious as to who I was seen talking to. I had no way of knowing if I talked to anybody on the street, and surprisingly enough, sometimes, this went to some pretty well-known people down here, who weren't averse to using this tactic. I don't know to what extent, in many instances, it was used. I began to get suspicious of everything and everybody, that I was being used on all sides. I felt I was capable of making up my own mind, but I got a lot of help that I didn't need.

I was told later by some applicants, particularly the one I referred to, Kufferman, who tried to get a license in the Sands and failed, and then Jakie Freedman later was licensed. He told me that he was approached by people, but he was a smart man. He was a little smarter than the general run of 'em. He wasn't really a gambling man. He was a very astute businessman. He told me of a number of approaches he had. He said, "The people that approached me said that I was having trouble, and if I'd only retain them, that they could get a license for me," and he said, "I knew better than that." He lost his license, but he wouldn't've gotten it by retaining any of the people that came to him, and he knew it. He said, "I knew that. I knew better than that. They were just trying to shake me down."

I don't know how much of this went on. A lot of it was talk. But it was goin' on. There was a lot of influence peddling because these people were new in town, they were in a totally strange situation, they were in an uncharted sea, so to speak. It was an area of legal gambling, and there was no other precedent. They didn't know what they were facing. They could only judge by what they

knew as illegal gambling, and they were susceptible for it.

The attorneys were used the same way. Through many administrations, many times, attorneys would be in favor for awhile because they'd successfully represented in a license or two, and then everybody'd flock to them 'til they'd lose a case, or something, and then they'd start flockin' to somebody else. There was an awful lot of it that went on.

One time a very good friend of mine came to me, a man who was, and still is, a very good friend of mine. We've been on the same side of the fence and on the opposite side of the fence—he's an attorney—and he asked me about one of the cases. He said, "I want you to tell me. Can Joe Brown get a license, or can't he? Or has he got troubles? Is he going to need some help?"

And I said, "I don't think Joe Brown's got any problems, other than time. He's no hoodlum, that we can find out." He was a very, very wealthy man, and he came down and bought out Benny Binion's interest, a very honest man, very straightforward. "Well," I said, "it's going to take a little time to develop."

"Well," he says, "that's what I've been counseling Joe. I told him to lay off on time, and," he says, "he's being pestered," (and he told me who it was) "by a guy that says that he can get a license for him, but unless he can get somebody to help him, he's not going to get one. And," he says, "I just knew you well enough to ask you." He said, "I just want to know if I've been tellin' him right."

And I said, "As far as I know, you've been tellin' him exactly right. So forget it."

And Joe *did* get his license. I can remember him leaving and muttering, "Well, I thought that was the way it was, but I just—." He's that type of guy. If somethin' bothered [him], and he had a question, the way to find out was to

ask. And he did. And he found out. But there was a lot of this, I'm sure, [that] went on we didn't know anything about.

The attitude in those days was quite a bit different. Sometimes, a newspaperman would come out. And Bennyhoff was a very good informant on this basis. He'd tell me what was going on. He helped me on many an occasion, 'cause he got around, he listened, he talked to people. He knew, probably better than any reporter, what was going on. He was a hard man to fool. And after the meetings opened up (he was the big antagonist in it; he fought for that until finally the commission did come around and allow the press to report the meetings), he'd come and tell me about a lot of things that were going on. And many of 'em, I found out, of course, quite awhile later.

I can remember one time I was called by a man who is in the gambling business, still is, in one of the larger places. This was about the time of the Thunderbird case, and everything was going around. I knew they were combing the area, the town, and the people, of course, trying to find out any place that we were vulnerable, and anything we'd done wrong. (I couldn't particularly blame them for that. I knew they were doing that.) And I was told by a man that called me in and said, "I just overheard something, and I want you to know about it, and that is that you and Charlie Russell have been putting all this money you've been getting, and you're together on all these deals, you're splitting it, you're putting this money together in bank accounts in Mexico.

I laughed at him, and he was a little bit wounded, because he said, "Well, my intentions are good. I'm only telling you to tell you what's going on, and if you've got any money in there, you better get it out."

I can remember going to Charlie and asking him what he was doing holding out on me, with the money that he'd put in his bank account. [I] told him the story, and he chided me right back, and said, "I'd like to—I didn't know *you* had one. Maybe you better take *me* in on it."

And that got me to thinking, in the light of all of the other attacks that were going on. I was getting down to the point where, for instance, in a case like the Thunderbird case, or as big as that, \$25,000 was peanuts as to what was involved. And I began to wonder if somebody wanted to get me bad enough, it wouldn't be hard to get a good copy of my signature (it was on every license in the state of Nevada, and displayed on walls— some of 'em still are there) and go down and establish a bank account, say, in Mexico, put \$25,000 in it, in my name, and forge my signature, and I'd be in an awful spot. How would I explain it?

This was called most forcefully to my attention one time when Greenspun called me, told me to come down. I was in another bad session of the legislature, and there was a power struggle on the part of some interests down here that were in the legislature and some who had friends in the legislature. As legislators, [they] were trying to get onto some of these boards. They wanted to be on ex officio, and sit on Tax Commission matters, and gaming, to report to the legislature on gaming licenses, maneuvering themselves into a position of influence.

I had one particular bad set-to with one of the legislators who owed us some money on a license, on a bond that he put up on a license that he had for us, in the tax field. There was a lot of pressures being put on me, and he didn't hesitate to use his influence as a legislator to try to get me to change my stand on his own personal business and this bond

that he owed the state of Nevada. I think his business went broke.

But anyway, Greenspun called me, and said, "Do you know that there is a check being circulated around here by a man who is a questionable character, is suspicioned of narcotics?" He said, "He's definitely a questionable character." But he was a brother of the mayor of one of our largest western cities, and a name well known to all. He said, "He is nothing like his brother, but he's trading around. He claims to have a \$25,000 check endorsed by you as proof of payment for a license, or for favors."

And I said, "Well, I'm afraid he'll have to show that. I'm not concerned about that."

Oh, in sequence, Bennyhoff was the first one to come and tell me about it. He said, "This is rattling all over, that they're going to expose you on this check." (And that's when I got ahold of Greenspun, or Greenspun got ahold of me—I can't tell you which. Maybe I got ahold of him and told him I wanted to talk to him, because he [Bennyhoff] said Greenspun knew about it.) "And [he] says that you've endorsed it, that your endorsement is on it, and they're going to use it against you."

Now, this was after the Thunderbird incident,* was [during] the session of the legislature later, and it was being used for a different purpose. But I was told, "Well, this has been rattling around for some time. This man has said he's got this, and he'll sell it to anybody that wants to buy it. He's got evidence that you've gone sour, that you've taken money, and that if somebody'll pay him for it, he'll prove it."

I was told that it was offered to Marion Hicks when the Thunderbird case came up (that's probably when it was manufactured), and that Marion considered it, but decided it was too dangerous to monkey with, and that

it might rebound on him, and he just wouldn't take any part in it.

Marion was not an insidious character, or a two-faced character, or anything else. He was pretty straightforward. And this wasn't his style, I'm sure, although I don't know. I began to wonder about it, if he had thought it could be used if he had enough at stake. I knew that \$25,000—that he spent defending it, and everything else, I knew that was peanuts. It wasn't peanuts to me, but it was peanuts in a case of this kind.

Bennyhoff said, "The best thing for you to do is to challenge him to come up with the proof."

I said, "They can't come up with the proof, Bob. It doesn't exist. Now, as long as they say they have it, and nobody calls their hand, of course, they can say what they want."

And he says, "Well, why don't you call 'em?" He said, "Call their hand. Make a statement, and challenge 'em out."

And I was considering it. I told him, I said, "Well, I'm willing to do that. I'm not against it. I know they can't prove it. If they've got something, I might as well find it out. Or if they're manufacturing something, I might as well find out what it is, what their approach is. But I know that this hasn't happened, and I know that it's wrong, and I'm sure that they're tryin' to sell something in the same old manner that some of this other was goin' on." I did talk to Greenspun about it. Greenspun gave me some very sound advice, again, reminiscent of the Thunderbird case. He said, "Don't do it. Don't under any circumstances, do it, because," he says, "all that Bennyhoff is pushing for [is a story]." (I'm not sure that Bob had any insidious motive.) "But," he said, "once you come up with a statement like that,

*See Chapter 8.

then everybody is free to write anything they want about it.” He said, “Sure, I’ve heard about it. I know this guy.” He told me who it was (it was the first time I had really found out who it was). “But,” he says, “if you make a statement of that kind, then I or anybody else am free to write anything I want.” He says, “The headline can read, ‘Cahill Denies Taking \$25,000 Check.’ But now it’s out. Now, the purpose that they want is accomplished, to a degree. Now, they *have* got you smeared. And there’s a lot of people aren’t going to believe that you didn’t. Now,” he says, “I happen to believe that you didn’t, but,” he says, “that wouldn’t affect me as a newspaper man. I’d have to write about it. And,” he says, “it just is exactly what you shouldn’t do.”

I never had been real close with Greenspun. I was exposed to him in this Thunderbird case, and we were friendly on a rather more or less of an arm’s length basis. I knew it was good advice. I thanked him for his confidence in me, that I wouldn’t take \$25,000. He said, “Don’t misunderstand me.” He says, “I don’t know whether you’d take \$25,000 or not. I guess maybe you wouldn’t, but I couldn’t make any statement on that. But,” he says, “I know you’re too smart to take a check for it, and sign it, and endorse it, and send it back.” He said, “Nobody but an idiot would take a check that way and endorse it, and lay themselves open.” He said, “You’re no idiot. So,” he said, “I have full confidence that this thing is [laughing] a frame on you.”

As I say, I found out from Bennyhoff and his sources, and then a little later, I heard this—. I did with this legislator what I did with Pierra La Fitte. I didn’t take him on head-on while the legislature was in session, because I was a little overmatched at this point. I knew what could be done in the legislative session. So I merely put him off, and said I’d consider the matter. And as soon as the

legislature session was over, why, I filed, got the money, filed on the bond. And I was told that he was around shaking a piece of paper in his pocket, saying he had the proof, that I had the money and he had the proof in his pocket when all of this went on. But I never could find anybody that saw it. I don’t know whether they had a blank piece of paper, or what they had. They had nothing from me, but it was used and used.

It got me to thinking, more and more, “How vulnerable am I?” I wouldn’t’ve been surprised that in a case the size of that, when there was much that was involved as the Thunderbird— and in some cases, a lot of money was involved in decisions we made. This kind of money would be peanuts, and how would I disprove it? I kept figuring, “I can’t go on forever.” I was in that spot for something like fourteen years, and it was growing worse and worse, and getting bigger and bigger. Things beginning to stabilize a little along towards the end, when Sawyer came in, and I went out of gaming. They were beginning to stabilize, but I just didn’t have any appetite for it any more. I just figured I’d probably had a longer life than Lady Luck would really say I was entitled to, that I had been lucky, probably, that I hadn’t been made a pigeon for somebody or something of this nature, and it just wasn’t worth it. I sincerely wanted to get out by that time, but it was a part of the chapter.

Another incident happened that I always treasure, although that one had a double connotation to it, one I didn’t wake up to ’till later, sometime later. When the racetrack was starting down here [Las Vegas]—and there was a lot of hullabaloo about it—and I think this was when Governor Pittman was still in office. (I can’t remember if it was Pittman or Russell.) There was quite a lot of money invested [and] there was a lot of

controversy. They were going to start the races here, they were going to have a track bigger than—or, as big as Del Mar, and this was a matter of violent opinion, that some people thought it'd make a go, and some didn't. But anyway, they were going to hire a veterinary for the track. The governor called me and said that, "Go down and talk to such-and-such a gentleman. He's got a long story of things that he says are wrong with this racetrack business, and he thinks you should know. He wants to tell it only to me, and I told him I wouldn't talk to him, but that you would talk to him." He said, "I want you to listen to him and tell me what it is and evaluate it for me."

So I did. I was down here two or three days, and I didn't run him down 'til along towards the end of my stay here. And I remember going out on what is now the Westside, in there, and going to his house. His wife said, "Well, he isn't here."

And I said, "Well, I wanted to see him. Governor," (I think it was Governor Pittman) "wanted me to talk to him. I know he wanted to talk to me, and," I said, "I am leaving." She said, "Well, he'll be home from work at midnight" (or something).

I said, "Well, I'm leaving tonight."

"Well," she says, "why don't you call him up, or I'll call him up."

I don't know which of us called him up. He was working as a security guard in the Sands. And so I said, "Okay. I'll come down and talk to you."

And he said, "Well, come down back by the old stage door by the pool, and I'll meet you there, and we'll go in and have a talk."

So I did. And I went up there, and I had to ask some security guard, or a couple of 'em talking, where—I've forgotten the man's name—where he was. And they said, "Well, he's back there," and they pointed over.

I said, "He told me the door by the pool and in the back of the Sands there."

So I found him, introduced myself, sat down, talked to him. He told me a long story about he wanted to be a veterinarian for the track. Frankly, I don't know whether he was a qualified veterinarian, but I guess he did have a degree, or something. But anyway he was being stymied, and there was a lot of things going on that were wrong, and he gave me a long story of what was wrong with the track, and horses might be doped, and a lot of other things that were going on.

I listened to him very patiently, and it was an interesting tale. But certainly, it was very obvious that it was part of a personal grudge, and a personal fight, and a matter of opinion, and just a lot of at sounded farfetched, but I talked to him for quite awhile.

I did notice, in this time, people going by. In the first place, I recognized some of the stars that were playing there going by, or some of the people that were in rehearsal. They'd look at us rather curiously, and we were sitting there in conversation. We were in there for some time. And occasionally, somebody else'd go by, somebody I'd recognize or speak to. I stayed there twenty, thirty minutes.

And so the matter ended there. I went back and reported to the governor. I wasn't at all impressed by what happened. I had a long conversation with the man, and that was it.

The only thing that was told to me later—I ran into him somewhere not too long after that, and he said, "You know, I sat back there in conversation with you, and," he said, "I guess everybody in the place must've seen us, because," he said, "practically every boss in the Sands was back here asking me what I was doin' talkin' to you." I don't know what we had to say that was so interesting, but it was. He said, "Isn't that a kick?"

And I said, "Yeah."

And I forgot about *that* part of it.

I don't know how long it was, but it was quite a lapse of time after that that Ray Warren—I think it was Ray, Ray or Keith [Campbell], whoever was working for me at the time—came to me and said, “You know,” and started to laugh, and was going back at all these stories he'd heard. He says, “You know, I heard a story the other day, but it's just so fantastic, I just wonder how it came out. And,” he said, “the story is that you finally got paid off for the Sands license. You got the usual \$25,000. That you went in to see Jackie Freedman, and Jackie took you down to the boiler room of the Sands and paid you off.”

And I said, “Ray, why the boiler room? Where does that come into the thing?”

“Well,” he says, “that's the part that intrigues me.” He said, “I've heard all of these stories—you and I, and you and Russell, and everybody else—but,” he says, “to get anything as specific as this, and get it down to the fact that you came down and Freedman met you in the boiler room and paid you off,” he said, “it's just fantastic.”

Well, I chuckled about it, and didn't forget about it, but passed it off at the time. And then I got to thinking about it. And I got to wondering, “How could this thing—?” Then, vaguely, I began to remember, when the Sands was being built, that Kufferman had taken me over the raw boards. We had to step over the beams and make our way back, and he was showing me the design and how he'd done a lot of it personally, designed it, and had taken us and shown us, and remarked that it was in the back area, and said, “Here is the boiler room.”

Now, why, I don't remember, but I all of a sudden remembered that two or three years back, this had happened. So I got to thinking about it, and thinking about it more, and then I remembered the boiler room, and then I

went back to this incident just related, and I thought, “Now, the boiler room and the backstage entrance are in the same general part of the Sands, if I remember correctly.” Now, my only memory was when—a year or two previous to that—Kufferman had taken us through, shown us the Sands under construction, just in the raw stage, just roughed out. So I figured, “I've got to know whether I'm right or not.”

So I went to see Jackie Freedman. I loved Jackie. He was a tremendous character. He was one of the great characters of our era here in Las Vegas. And he liked me. We had a nice relationship that way. I knew I could talk to him, and I also liked to kid him at times. He was a good foil for jabs, so I used to do it quite often, and he'd always look at me like he didn't know whether I was kidding him or not. But he was just an interesting guy. I liked to talk to him. And I thought, “Well, I'm going to go talk to Jackie. I'm going to find out where that boiler room is to see if this is correct.” (I also have a what has been termed a self-styled, a sadistic sense of humor. I do things in a way that seem at least funny to me, and that tickle my sense of humor.)

So I went out to the restaurant and got ahold of Jackie, called up. Jackie was sitting back in his palatial office upstairs in the Sands, and, of course, I had to say I wanted to see him immediately to get to him. It was in the evening—and, of course, he told 'em to show me right up. I went up to talk to him, and I said, “Jackie, I've got something very important I'd like to know.”

I know this won't carry in the record for posterity, but I can't resist imitating him because I think I do a fair job of it as I remember him. He had a hoarse little voice, and he says [speaking in a hoarse rasp], “Anything you want at all, Robert! What can I do for ya?”

And I said, "Jakie, will you take me down and show me the boiler room?"

And he said, "The boiler room? What do you want to look at the boiler room for? I got girls downstairs. I got a show goin' on. Why don't you look at somethin' interestin'? There's nothin' interestin' in the boiler room."

I said, "I know it's a peculiar request, but I want to see the boiler room."

"Well, Robert, if you want to see the boiler room, you know, all you've got to do is ask. You can get what you want around here. You ask. I'll take you—show you the boiler room."

And he fumbled for his huge set of keys, and he didn't have the keys, says, "I'm going to have to call for 'em." So he called a security guard, or somethin', said, "Send up the keys." Said, "I want to get to the boiler room."

So he, I could tell, was extremely puzzled, which I was enjoying, for my own secret sense of humor. (Nobody else would appreciate it but me.) And the deputy came up with a huge set of keys, and had to show Jakie, and fumbled through to get 'em, and he says, "Come on. Let's go."

"Oh," I said, "Jakie, maybe we don't have to go down there." I said, "Just tell me. Is the boiler room in the backstage area?"

He said, "Yeah. That's where it is. But," he said, "why do you ask a question like this for?"

"Well," I said, "Jakie, I just got a story that this was where you paid \$25,000 for your license in the Sands. And," I said, "I just would like to—at least, as long as I didn't get the \$25,000, I'd like to see the spot I was supposed to be paid of f in." I said, "I'd like to kinda remember that."

He looked at me, kind of a quizzical look. He got that look in his eye, kind of a humor, and his eyes'd start to dance a little. And I'll never forget the retort that I got from him. He said, "Robert, Robert, it's all ovah now. It's all ovah now. We had a hard time, and you know

it. And," he said, "you know I had a hard time gettin' my license, and you know I would've paid if I had to. But," he says, "I didn't. And I ain't gonna pay now!" [laughing].

It took me awhile to all of a sudden realize that maybe he thought I was makin' a pitch at him to get the \$25,000 I was supposed to've gotten, when I was really holding it. Then he looked at me and started to laugh again, and I said, "Well, Jakie, just forget about it. That's just my own sense of humor. I just thought it was real funny."

But it almost cut back at me the other way, because [laughing] he was so much a character, and he enjoyed things, he enjoyed life. I have a letter from him. I hope that I have it somewhere. Just before he died, Bill Sinnott and Hancock and I went to see him. He sent a letter to us [in] which he told us that he thought we were the finest men he'd ever known. I appreciated it from Jakie because he was really such a character.

COLORFUL CHARACTERS OF THE VEGAS GAMING SCENE

If we're going to talk about individuals, or character sketches, we might call 'em, in this sequence, I don't know of any better place to start than with Beldon Katleman. I probably can't do justice to Beldon as a character with a capital C because of my limited ability of expression. I've never known any person more interesting, as predictable—and also, as unpredictable as Beldon. (I know that sounds like it's a contradiction, but it isn't.) He, of course, took over the El Rancho Vegas. I first remember him when Jake Katleman passed out of the picture (I covered Jake way back in the early history; it was his uncle). And Beldon ran the place for a while, and I think maybe I recounted the incident with Jake's widow, who got it under a protective receivership for a short time until Beldon evidently settled things with her. She had some claim to it because of Jake, to whom she was married. It was a very brief marriage. Jake had just married her not long before he was killed in this automobile accident. But I also never knew anybody that was as generous, in some ways, as Beldon could be, to people he liked,

to his friends, to his employees, and who was as keen and sharp a businessman, and was as hard in some other cases and business deals.

He ran one of the few, if not the only, real large operation that was strictly a one-man operation. And it was a oneman operation from the beginning. It operated on his personality, on his drive, all of the way. He did get away from it occasionally, but he watched it very carefully, and most of the time was right on the job. It was one of the older places, and was done in the Old West style, and was that way right up to the last, up to the time that it burned down. The cottages were done in luxurious manner, but it was not a modern place.

I never knew anybody that knew more influential people personally, on the basis of his own personality. And he had a very friendly personality. He knew how to approach people, he knew how to treat customers. I never knew as good a host in a place of that kind, as Beldon. There've been many, many stories told about him, both good and bad. But I saw a lot of the good side of him from

friends of mine that worked for him that knew him well, and those people thought a lot of him, even though they understood a lot of his idiosyncrasies, you might say. If any of us went into the place, it was kind of a game to see how far you could get through the front door before you'd look up and see Beldon striding out toward with this broad grin on his face, and his hand held out, and welcoming you to the place, and immediately wanting to take you around, wanting to buy you a drink, or to ask you what you wanted (of course, we were with the Gaming Commission, and quite often were there for some purpose). This was never true in any of the other places. He used to sit at a table that was in the back of the main entrance of the old El Rancho, and it was catercornered, and he could see everybody coming in to the entrance. And I never knew a man that could keep more things on his mind at one time, and keep more things going at once. His eyes were constantly darting back and forth, and he would spot anybody that he thought he should immediately. He watched a number of people, and he had influential people, a lot of people that were friends of his that stayed there because of their association with him, and the fact they knew him so well. And he was a very wealthy man, and well traveled, particularly in New York. He knew most of the nightclub operators, and characters, and the people around New York. And we used to call this table, in our own vernacular, the "Captain's Table."

Some of the most interesting experiences of my life were spent just coming in—we'd do nothing but just sit there and visit. Sometimes, if we had something to talk about, he'd say, "Come on back," and we'd go back to the Captain's Table. It was a large, round table, quite often with a number of people around it. And we'd tell him what was on our mind.

We might sit over in a corner, or the corner of the table, and talk, if we were looking for some information or had some question to ask him.

You'd see this darnedest bunch of people there. I can remember one time sitting at the table. There was Earl Wilson, the columnist, and his secretary; General Bob—the name'll come back in a minute. He wrote *God Is My Copilot*. It was quite a well-known novel during the war. Scott, General Robert Scott. And one of the owners of the 21 club in New York City (I think it was Kindler, or some similar name); Joe E. Lewis, who came out occasionally (he was playing there then, but he'd come out and sit at the table); Milton Berle. Milton Berle was an amateur magician. He loved to—it wouldn't be too unusual to see him dealing at a "Twenty-One" table. Occasionally, Beldon'd let him go in and deal.

I can't remember who was with me, somebody from the Tax Commission in this particular case. But Milton Berle was trying to impress me, after he found out who I was, on his ability with the cards, and doing card tricks for me, and applying for a job as a gaming agent. He'd keep saying, "Do I qualify, boss? Do I qualify?" and then he'd do another trick for me, and have me pick a card, and he'd identify it, or he'd shuffle through the deck, and say, "Now pick a card as it goes through, and I'll tell you what it is." A lot of it's psychology, and misdirection. He's a good amateur magician. And then he'd say, "Do I qualify? Will you give me a job, boss?" And if I wouldn't give him an answer, he'd say, "I'll do another trick for you."

Earl Wilson, of course, was interested in asking me questions about gaming control, and one thing and another.

General Bob Scott was a very entertaining man. In fact, I think he was a commandant at that time at Frank Luke Field in Phoenix. During the war, he was with the Chinese

general, Chennault. He was a flier in those days. And this book, *God Is My Copilot*, was a very well-known book. As a matter of fact, there's a personal incident, which I related to General Scott at the time: a little boy, one of a pair of twins, was almost exactly the same age as my son, were neighbors of ours in Carson City. And they were going to school, maybe in the second grade, or third grade, or something or this nature, and they'd read this story, *God Is My Copilot*—either read it or had it read to 'em—and General Scott was his hero. So much—his name was John McClure, but General Scott was such an idol of his that he had his name changed to Scott McClure. He announced to his mother and to the school that he was no longer John McClure, that his name, hereafter, was Scott McClure, and I am sure he goes to that name to this day. I met him when he was about twenty-one years old, and he was still going by the name of Scott McClure. Oh, he had written a letter to General Scott, and General Scott had written him a nice letter back, and he kept that as one of his mementos. So I told General Scott of this incident, and he remembered it. He took his name down, said he would look him up later. I don't know whether he did, if he ever went. They'd moved to Sacramento by this time.

But these kinds of people came in. Eartha Kitt might drop in and sit at the table. Of course, Zsa Zsa Gabor was supposedly a little romantically linked with Beldon at one time. She listed him in one of her articles, in one article or interview, as one of the ten most interesting men in the world. She spoke of the most interesting men in the world, and the men she might like to marry, and so forth, and she listed Beldon as one of 'em, and said, "Life with him, at least, would be interesting. There would always be things happening." And it was, that was a good description.

He might be sitting there. He might have several people at tables. He'd get up and walk over to 'em, and talk to them, and then he'd come back and talk to you again. He had a little button underneath the leg of the table, right where he sat. And he could be talking to you, and apparently giving full attention to anything that you had to say, but out of the corner of his eye, he was watching something else, and he'd push this button underneath the table, and the waiter'd come, and he'd say, "Buy So-and-so a drink," or "So-and-so's just come in the door. Tell 'em I'll be with 'em in a minute," or something, and go right on. He had a faculty that I have seen described before by writers, but I never really observed, or saw better illustrated, than in this man; he had a faculty of devoting his complete attention to you, and giving you the idea that he was hanging on every word that you said, and yet, after you got to know him, he might be solving three or four different problems in his head at the same time, as would be indicated by pushing the buzzer. One time Zsa Zsa was at a table with a little dog that she carried in a purse, sitting there, waiting for him to come back and have a drink with her, and he'd go back and order a drink, and the drink might be sitting there, and he'd be around, talking to someone else. But he had that faculty for just—. He had a tremendous following, and whenever he was around the place, the place was always booming.

Of course, Joe E. Lewis was a gambler from way back. And he gambled so much at Beldon's table, that he was like—. He had Ted Fiorito playing for him. (The older people will remember—us older people remember Ted Fiorito and his band, and Betty Grable sang for his band, and a great orchestra leader.) And these were in the fading days of Ted Fiorito, who was also a compulsive gambler. Joe Lewis was a compulsive gambler. I'm not

so sure that Sophie Tucker wasn't. I never heard that directly, but she was always playing there. And Beldon had them so in debt to him, from playing in those places, that they were in virtual bondage. Ted Fiorito played for him for eight years [laughing], and finally had to get a conservator, or somebody, appointed to see if he couldn't get him out of bondage and pay off his gambling debts. And yet, they all seemed to love the guy.

I never went into a showroom when Joe Lewis was playin', that, shortly after I got in there—Joe—this was a trademark of his—he would tell stories and use the name of wellknown people in the area, or his own friends, or anybody else. I'd get in there and sit down, and maybe see a part of his show, or a second show, just roaming around, as we sometimes would do, get in there and sit down, and pretty soon, Joe Lewis'd come up with a story and, for instance, say, "I'd like to tell you the story of my doctor, Dr. Robbins Cahill," and then he'd go on and tell one of his funny stories. Sometimes, a couple of times in an evening, he'd work your name into a story. Beldon would see you come in, go back and whisper to Joe that so-and-so was out there, "If you'll take care of them—."

Lillie St. Cyr played at his place. She was at the Captain's Table on a number of occasions. I remember well, on a number of occasions there, there was people from all over the world, sometimes diplomats. It was, I think, the most interesting spot in Las Vegas in the time that he operated and attracted people like that.

Beldon had—of course, they were well known—had marital troubles in which he had to give up the place for a while and pursue his wife around the world, trying to get her to come back to him after she'd filed for divorce. I've always suspicioned that he had other motives other than love and affection, but,

maybe, along with it, love and affection. But it would keep him away from the place, and the minute he'd leave, or it got around that he was gone any length of time, the business in the place'd just drop down noticeably.

One time—I can't remember in what period of his career this was—he decided to get a partner. And there were some people came in from Toledo who had made a lot of money in Toledo in the nightclub and gaming business, and so forth, a man that I was always told was a very good gambling man, and a very straight guy. I think his name was Arnoff. So Beldon sold out, half interest, to them because he had other things he wanted to do. Beldon had lots of irons in the fire. He, or his family, or both—possibly both—I know he was indicated; they had the System Parking Lots in Los Angeles, all over Los Angeles. They had the parking at Dodger Stadium, the new Dodger Stadium (I guess still have it—I don't know), they had the old original parking concession of the Los Angeles Airport (this was some years back). He had all kinds of business interests. He had many things going for him all of the time. People owed him money from all over the country that had made bets with him. He was as I say, a big spender, and very generous in some ways, and very close in others. He watched every penny. And he knew practically where every penny was, all of the time. He had a reputation—he would go into some terrible tantrums sometimes, and he'd go down to Los Angeles and be gone, and come back, and he'd be in a rage. And a lot of the key people in the place got wise to his tantrums. I can remember seeing one of 'em one time in another spot, about midnight, and away from the El Rancho. I asked him what he was doing there. I said, "You're supposed to be working."

[Laughing] And he said, "Beldon came home tonight. He's in one of those moods

where he tires everybody that he runs across. And,” he says, “the best thing to do in those cases is just not to be under his feet.” He said, “If he can’t find you, why, he isn’t going to tire you, because tomorrow, he’ll change his mind.” Of course, I think he hired a lot of ‘em back again the next day. But he—he could; he was capable of going into some tremendous tantrums.

I’ll get back to this Arnoff—he sold this, I think, half interest, or a good, substantial interest to Arnoff, who was a good gambling man, and who saw all the business around the place. And so Beldon got him in, got his money, and then took off, for what reason, I don’t know, but took off on one of his trips, and was gone for a long time. And the minute he was gone, the business fell down to nothing. I can remember going in there. He was gone for a considerable period of time, The business just fell off to nothing. I was told by some people who worked in the place that he told these people, his own people, his own help, to go on and operate the place as they always had, to treat the new boss with the deference that was due a boss, but beyond that, not to pay any attention to him, not to let him give em any orders that were inconsistent with any he’d ever given, and they knew how he generally operated, and to go ahead and do it that way, not to pay any attention to him.

One of the big jokes that went around the employees of the place for a long, long time was: The place was like a morgue. Arnoff was around looking for this business that he’d observed and seen in this place. It was really humming when it was a going concern. [Laughing] And he finally walked around there, and he made some remark, and he says, “When’s the busy hour start around this place?” And everybody else, were snickering because they knew what was going on, that

when Beldon had left, [business] fell off. And I think Beldon rather liked that.

Besides the people that I have mentioned, he knew people like Toots Shor in New York City; he knew most of the performers. Just his own personal magnetism, and his own personal way would attract these people to him, and they flocked around him. And I am sure that Zsa Zsa was correct when she said, “Life would never be dull if you were around him,” because he was one of these persons who was always happiest when there was controversy and excitement, and things going on around him. If things got too dull, he’d stir something up. He just couldn’t stand things bein’ too quiet, and he had more ways than one of keeping things going.

One of his famous incidents was, of course, the famous Louis Tabet* incident in the Thunderbird. It was largely financed by him, I’m sure. Louis Tabet had one of the luxurious suites in one of these houses; he may have had Beldon’s own suite—I don’t know. It made the impression—I’ve recounted that in the story. And I’m sure that he furnished him with all the wine, and the caviar, and all of these things like this, because, again, the question was pretty devious, “What’s in it for him?” And there’s always something in it for him, somewhere along the line. Sometimes it takes a little time for it to surface. He had one of the finest minds I’ve—really figured things out, was almost mathematical, was a quick mind [when] he had something going. And I had been told that he certainly *did* in this instance, because he was probably the only one, outside of the people involved in the case of these recordings, these fourteen tapes

*A pseudonym of Pierre LaFitte. See Chapter 8 for the story of the Thunderbird case.

that were recorded, that knew what was going on, knew that it was going to create quite an explosion in the territory.

Before this case broke, the odds on Charlie Russell getting reelected were practically fantastic. Nobody felt that he stood a chance. Beldon knew that this was going on, and I was told, later, from pretty reliable sources, that Beldon went out before this thing broke, and placed bets (all of the gamblers, they're willing to bet on most anything, or were in those days, the true gambling people), and had just cleaned up tremendously. They had to come in droves and pay off their bets. And they all thought that he was sick in the head, taking all these bets on Russell. Beldon, many times, I've seen incidents where you might accuse him of being sick in the head, but he always came out on top.

The El Rancho was kind of a pet of his. He got into quite a lawsuit with Arnoff. Arnoff sued him for his money back, and getting money back from Beldon wasn't easy. He was a tough opponent. He was always in trouble. He kept three or four lawyers going a good part of the time. But the case was finally settled, and I don't know how it was settled, but, from knowing Beldon, I would know that while he may have had to make a settlement of some sort, he still came out pretty good on it, because he figured things out that well.

He was the only person that we got tangled up with after the Gaming Control Board came in and got a one hundred percent penalty for a willful violation. We got into his markers after Newell Hancock got in, and knew how to handle the markers in the gaming accounting. We found an awful lot of unreported markers in there, and Newell discovered quite a few discrepancies in his game reporting systems. I think he had three lawyers in the hearing at one time. He had a lawyer from Los Angeles. We had Bert Goldwater. Anyway, we got

him for some \$30,000 worth of unreported taxes. We couldn't prove enough to prove intent. I still don't know just how much of it was intent, how much of it might've been carelessness, or for what reason. It was mostly on markers and chargeoffs, and one thing and another. But Newell got his teeth sunk into it, got enough to a case against him, and he had a Los Angeles attorney by the name of Leo Gold; Bill Woodburn, from Thatcher and Woodburn, was representing him; and then he got Brian Burton, who was one of the smartest tax attorneys that I have ever known to represent him. And I didn't find out the story 'til afterwards, but they called up and finally asked us if we would settle for—. We imposed a hundred percent penalty on the thing, and he was fighting that, because you have to prove malice aforethought on it—I mean, that it was deliberate. And we were a little weak on that, but we did impose the hundred percent penalty because we just felt that we had to. And he was fighting it. I heard afterwards that Brian Burton got ahold of him, and told him that he'd better settle with us, and fast, on any terms that we would settle, because our interest in the thing, on a tax basis, was practically nothing, compared with what Uncle Sam would get him from the Internal Revenue Department. It was a transcribed hearing, transcription verbatim, and Brian knew that Uncle Sam would get ahold of it, the Internal Revenue people would get ahold of it.

And so he did. He settled with us. He paid us something over \$60,000 in back taxes and penalty—about \$30,000 of it was penalties.

And he never really—he had the same attitude that I have talked about before with other gamblers. He didn't hold anything too much against us. We were doin' our thing, and he was doin' his. And so he got caught, or he slipped, and we did use the old Internal

Revenue theory on 'em, that we took what we could prove and made him prove differently, and we had him, as the tax authorities quite often do, in a tight spot. But I understand that the advice given him was that if he went back and reported the income to the Internal Revenue before they came and got him, that the worst they could do with him was a penalty, whereas if he waited and fought us, and then the Internal Revenue got ahold of the case and used some of the evidence and grabbed him for tax evasion, why, he, of course, could go to the penitentiary on a charge of that kind.

I'm not familiar with the details of it, but the Internal Revenue Department got a judgment against him for a huge amount of money. It went into the millions. They filed a lien against him. (This came not too long before I got out of the gambling end of it, and I came down here in 1963 as county administrator, and it was settled after I came down here, had been long away from it, so I know that it went over a period of years.) And finally, they came down to the last straw, to execute the lien, and he was coming down at two o'clock in the afternoon, when the execution was going to be made on properties, and one thing and another. He waited 'til the last minute, and, I guess, made the settlement, [and] I understand, made the remark afterwards, "Well, why should I worry? The government only charged me six percent" (or whatever the interest was), "and I can make a lot more money than that off the money, holdin' it all this time." This was typical of him. It'd go right down to the wire, and yet if you knew him, as some of us did, you know that eventually, he'd come through when he had to. But he'd take it right down, almost to the last minute, just for that thrill that he got out of taking anything controversial right down to the limit.

He always said that I cost him, by that action, \$2,000,000,000, and his wife, because I had him so upset—. Now, it was the gaming board that was—because my association with him had been longer. He, naturally, would turn it back to me. He said *I* had him so upset during that period that he neglected his wife, and she left him, and it cost him an untold amount of money to get her back, and that he neglected his business, and that the Internal Revenue came in and caught him for a couple million dollars. [Laughing] And he blamed that all onto me, and yet was the same old, congenial guy. I finally saw him, after I was with the county, in the Denver airport one day. He was walking into it, and I looked up, and here's that broad smile, and hand extended, and over he comes to greet you.

And, of course, the last tale of the El Rancho. It burned down, and he was involved in litigation on that, insurance litigation on that for a long time. And he didn't come back. He never has come back, directly, into any gaming operation since, although until just recently, he held that property for years, and at one time, planned on building a huge hotel there, and confided some of his plans to me. In fact, [he] offered me a job in the hotel at one time at a lot more money than I was making with the state, when it was in the planning period. But he had some excellent plans for it. And he was going to get Toots Shor to run the restaurant in there, and he was going to get people that he knew in New York to run various concessions. He had a terrific plan, and he had it at a point where the plans were drawn for it, and it was definitely in the preliminary stages of planning. But he never got it through, I believe, 'cause it took a lot of money, and he was willing to put up quite a bit of money, but he also wanted lots of other people to put up money to finance it. But people that knew him knew that, regardless

of what amount Beldon put up, that he would run the place, and they weren't going to have that much to say about it. so he had a little hard time, I think, in getting enough capital interested, because he wouldn't surrender the control of it, being the type operator he was. So he never got it off the ground.

He owned twenty-one percent of the Frontier. He got involved in a fight with Maury Friedman on that, and, I think, finally got some property. He owned not only all that property of the El Rancho, but he owned property between the El Rancho and the Frontier, and he owned the property across the street between the Sahara and the Thunderbird, all of which he eventually sold to Hughes for \$11,000,000, according to the newspaper accounts. He decided he didn't want to sell it for that, and went to court. Hughes had to go to court to—I don't know—they had a court suit over it. That was Beldon. He had the devil in him. He loved to entice people into deals, and then, invariably, they'd find out that he had the best of it, and I think he just got a thrill out of it. He had many, many successful businesses, so money couldn't've been the lone object. But yet, if somebody was in trouble, or people that worked for him for a long time, he was extremely generous, very generous with 'em. If somebody got into a business deal with him, they'd better look out.

I haven't seen him in a number of years. I guess he's still in Los Angeles taking care of various business interests. Maybe somebody, some day, much more articulate than I, can write a book about him, because he'd sure stand one. The only question there is whether people would believe it, thinking, "What a character!" if you described him as he really was. People would just say it was fiction, that people like that didn't exist. He was tremendously, tremendously interesting,

and, I'm sure, always will be, any place that he goes.

* * * * *

One other time, Newell Hancock and I went to see Jakie Freedman. Newell was after him. Newell had found \$100,000 in the bankroll that didn't show any source to it. It just was a deposit of \$100,000, no credit to anybody's interest, or anything, and Newell started asking questions of where it came from.

So Bill (Sinnott), Newell, and I went up and sat in Jakie's office, and Newell started asking questions. And Newell says, "I've got to know where tins came from."

And Jakie says, "I put it in there."

Newell says, "Well, Jakie, you can't do that," he said, "just drop it in there."

He said, "Well, I did."

And Newell says, "Well, where'd it come from?"

Jakie says, "I got more money than that." He said, "[The] bankroll was a little short, and I needed it. I'll get it back out," he said.

But Newell said, "Where did your money come from? And, he said, "you know, you've got to show the source of these things." He says, "How do we know you put that in, that somebody else didn't put it in?"

And Jakie says, "Out of my safe-deposit box."

Newell says, "You'd better be careful making remarks like that. The Bureau of Internal Revenue might get after you, and you might have an Internal Revenue agent asking you where you got the money.

He said, "You go tell 'em. Tell 'em Jakie Freedman's got it in his safe-deposit box, and he put it in." He said, "They know I got it." Jakie did make a lot of money in oil and gas in Texas, besides gambling. And he said, "They

know I've got it. I can't get into any trouble." He said, "I got more than that. I got a half a million down there right now. Do you want to see it?"

These things don't fit into my niche too much, but Newell was a little pugnacious, and Newell said, "Sure." Bill, as usual, sat there, chewing on his lip, and said nothing.

And so we went there, all three of us. We went into the cage, and Jakie says, "Come on into the room here," and told the guy, "Get my box." And he said, "Come on into the counting room," just off the cage.

Newell, Bill, and I walked in like lambs, and Jakie gets out the box, and starts to open it. And all of a sudden, it hit me, real hard and real quick. It hadn't occurred to Newell or Bill, I'm sure [laughing]. They had no reason to wonder. But I thought, "My God. Supposing somebody on the outside would see the three members of the gaming board going in with Jakie Freedman to the cashier's cage, Jakie get a safe-deposit box out, take it into a private room, close the door, and then see us come out?" I was indoctrinated to things like this; Bill and Newell weren't, because it just never occurred to 'em. They knew what they were going down there for. It never occurred to 'em what somebody else might make of it, I'm sure.

I jumped back and stood in the doorway. And Jakie says, "What're you doin'? Come on in here."

I said, "No, I can see from here, Jakie."

And somebody—maybe it was the guy that brought the box in—somebody, I think, came with us when [we came in]. So I just insisted they stay there. I just said, "Stay right there, right where you are. Go ahead. But I'm going to stand here in the doorway and leave the door open."

And he opened his box. I suppose it's no new sight to a banker, but it was a new sight

to me, and I don't know whether I've ever seen it since. I saw rolls, packets of hundred-dollar bills, and packets of \$100,000 all tied as they came out of the bank. And he said, "I have more than this. [The] \$100,000 came out of here." And he started counting, and he counted [pounding his hand on the table to imitate the thud of the packets], "One, two, three, four." Seemed to me the fifth one was a little bit shy, looked like it was a little shy. He said, "What's the matter? Why isn't all this here?"

"Well, Mr. Freedman," whoever was with him said, "don't you remember? You took some out the other day for some purpose, \$20,000."

"Oh, yeah, that's right." Showed it to us. He said, "Now, do you believe I got \$100,000 to put in that bankroll?" [laughing]

And we said "yes." Fortunately, nothing was ever made of it. There could've been. Somebody that was suspicious could've been lookin' at it. Jakie piled it back into his box, and sent the box back in, and we went out, and he said, "That answered your question. And," he says, "if it interests you, or you think that it interests 'em, go tell the Bureau of Internal Revenue." I don't know whether he was bluffing that or not. I think he knew that we wouldn't go to the Internal Revenue with something like that. It was none of our particular business, and amounts of money like that were not unusual—I mean, the bankroll of a big place. I'm sure it must've been his box. On the other hand, of course, it could've been part of the bankroll that was in there. But it was a rather unusual incident, so typical of him.

I heard one or two references to it later. One happened a year or two later, somebody who had, really, no connection with that, dropped the remark that he knew. He said, "You saw the half a million dollars in Jakie's box, didn't you?"

And I said, "Yes, I did."

And he said, "Why didn't you ask to see it two weeks later?"

And I said, "I had no reason to."

And he said, "Well, it might not've been there then."

And, of course, Jakie was a tremendous gambler. He'd think nothing of gambling \$100,000 at a crack. And he used to like to make a spectacle of it. Before he opened the Sands, he used to come down, and he used to bet with cash. And he'd have his secretary running around, carrying the cash in a big bag. He wouldn't buy chips, and he demanded they let him pay cash—I don't know whether they'd do that today or not. But his story was, he came from a country that played craps, and they paid cash, not chips, and he thought it was lucky. So he'd have her packing huge amounts of cash while he was gambling. It was nothing unusual from the rumors we got, that \$100,000 was nothin' unusual for him to risk. I heard later that he lost many times that in gaming around here. so I don't know. He made it in oil, he made it in gas, he made it in gambling. So I suppose that it could go the same way.

But he certainly was one of the most interesting and very lovable characters—little fellow, always wore a big cowboy hat, and some silver medallions, or silver belt buckles, things of that nature, decked himself out in this huge hat on this little man, and then paraded around the Sands. One time he was sitting around the Sands with a group around him. Sometimes ten or twelve people'd gather around him. I think Jack Entratter was there, and a couple of us were sitting there. It was about cocktail hour, and they waved for us to come over and have a drink with them and visit him. He had a very handsome, beautiful chorus girl on each side of him, sitting there, obviously from the chorus. (The Sands in those days had one of the most beautiful

chorus lines I ever saw.) And he was buying drinks, and they were standing there talking to him, and he was callin' 'em, "Honey." And, "Have a drink, honey. How are you?" As I remember, maybe one or two others came by, and Jakie [said], "Sit down. Sit down, honey. Have a drink." He had at least two or three of 'em around, maybe more, [a] bevy of beauties. He says, "You know, this reminds me of when I was a boy." He said, "When I was a boy, I didn't have anything. I was barefooted, and," he said, "I love bewwies, strawberries, particularly, blackberries. But," he said, "we didn't have money enough to buy 'em. But, oh, boy, did I love 'em! And," he says, "occasionally, I'd steal one, but I ran away from gettin' caught. And I always said, 'When I have money—and I'm going to have money someday—I'm going to have all the bewwies that I want.' And," he says, "You know, I'm the same way with women. And," he says, "look. Now, with all the money I've got, I've got a whole bewwy patch around me, and I can't eat a bewwy!" [laughing]

Somebody brought him a Cadillac one time, some dealer in Texas, or someplace. Evidently, the larger dealerships were supposed to take one of these, and it was a very special model. It sold for a lot of money. And each dealership or business of a certain size had to take one, and then they had to sell 'em. They were sold for a great deal more than the average. So this guy drove the Cadillac out to Vegas, and he went to the Sands to see Jakie. Jakie always had a big Cadillac parked right in the front—I can still see the very area that it used to be parked. We always knew whether he was in or not by that Cadillac that was parked there. But they said this time, the man told him, said, "Mr. Freedman, I got a car I want to show you."

And Jakie happened to be in the mood, and not busy, so he went out and looked at it.

The guy showed him around, and it was—I don't remember the prices, but tremendously expensive, and too much to sell in a normal town, and that's the reason he'd come to Las Vegas, was to peddle it to somebody with money. So Jakie looked at it and asked him how much he had to have for it, and the guy told him (probably two or three thousands more than any Cadillac that was sold at that time as a special mint edition model).

So Jakie looked at it and said, "Okay, I'll take it," and reached in his pocket and shelled out the money for it, counted it out for him, said, "Give me a bill of sale."

And the guy pretty near fainted. But he sold the Cadillac, and then, so the story goes—and I'm sure it's quite true—came each year trying to sell another one. But he never caught anybody in the same mood. He never sold another one to Jakie. Jakie liked the one he had. He kept it, I guess, for a little while. But the guy thought he really discovered the end of the rainbow [laughing] when he had to bring his Cadillacs out to Las Vegas and sell 'em for cash.

* * * * *

Another character that—he wasn't the character that Beldon [Katleman] was, not the same type at all, but a fabulously wealthy man that left quite an impression in the relatively short time that he was in Las Vegas, was a man by the name of Joe [W.] Brown, who came out of New Orleans, and an immensely wealthy man. He came here first, as I remember, and bought what is now the Horseshoe Club. I don't know whether it was the Horseshoe then; I suppose it could've been. Or it was the old Apache Hotel, and later the Horseshoe Club, and still is the Horseshoe Club. And Benny Binion, who operated it—I've recounted some stories about him previously. As a matter of

history, Benny got involved with the Internal Revenue Law somewhere along the line. He had a long and stormy career in getting licensed in the first place, which I've recited. He had to dispose of his place, so Joe Brown came in and took the place over.

He [Brown] was a very, very straightforward man. Now, he had run gaming in New Orleans, just as Binion had in Dallas, but he really wasn't known that much as a gambler. I think he operated bingo games, keno games, or maybe the race books, games of that nature, in New Orleans for a number of years, and he was somewhat like Jakie Freedman in Houston. He undoubtedly made a lot of money out of gambling, but he got into the oil business, and was very successful, and had a number of oil strikes and natural gas strikes. And he had a fantastic income. The rumor got around as to his income, and his immense wealth, and we sent a man down to interview him and checked out his financial statement. I can't remember what his income was, but it ran into the millions a year—and you'll have to forgive me for this, but this figure of eight million sticks in my mind, but I could be wrong. But I know that it was a multimillion income. I didn't believe it, but it did check out. We sent a man to New Orleans, a good man, and we went all through his background and record, and a lot of it was from natural gas leases that were coming in, and, of course, it was subject to depletion exemption, so he had a tremendous income, and just more money than he could ever spend or know what to do with. And he had very few relatives. (He had a nephew, I think. He was about the only relative, who later got involved in running the business for him.) And he was a very straightforward man, and he didn't make any bones about it. He didn't owe anything to anybody. He had all the money that he could ever want, or ever need, and he wasn't

obligated to anybody, and he didn't intend to be obligated. When he applied for a license, he came up to the Tax Commission and told us, very flatly, that he was buying this place because of his friendship for Benny Binion. He wanted to preserve it and keep it, and that he would run it as long as his friend was in prison, and as long as his friend needed him, but he could buy it back from him at any time, at no profits. He said, "Benny Binion can have this place back any time he wants it. And I'm telling you that before I come here."

Now, that sounds a little hard to believe, but I know it was true. It was just one of those things that are associated with people of this kind. And he said, "I'm telling you this. Now," he said, "I have had no reason to come before you and lie." I can remember well the expression that he made. He said, "I'm telling you, gentlemen of the commission, and I hope you don't take me wrong in what I'm going to tell you, that you don't make the wrong interpretation of it, but Mrs. Brown and I owe nothing to anybody. We owe no favors to anybody. We never will. We owe nothing except to God and ourselves. I have all of the money that I could possibly want, and so we owe nothing. So I'm not going to lie to you. I have nothin' to lie to you about in tellin' you what this is for."

I found him, in many other situations, the same way. He had no record of any kind that could be held against him, even though he had been an old gambler at one time. And he did; he operated this place, and he ran race horses. He ran a string of race horses. He had race horse people. And, of course, it takes a lot of money to run a string of race horses. He had lots of 'em, had horses in all of the tracks. This was, I think, his one great hobby.

And he bought this place, that I think maybe I've told about previously, that Jackie Freedman operated as a gaming club in

Houston. It was one of the most gorgeous places, expensively done. I think it was an old mansion. It was redecorated in a very swank style. It was a gorgeous place! As I think I've recounted, Jackie had albums of pictures of it, professional pictures. It was done with a decoration— expense wasn't an object at all. And when Jackie came to the Sands in Las Vegas, he had to sell the place. And Joe Brown bought it. He told me, he said, "I bought it for a song, but," he said, "I really didn't want it." And he paid Jackie \$250,000, or \$400,000, or some figure like that, for it, and he says, "You know, I had no use for it."

And I said, "Well, did you just do it to help Jackie, like you did with Benny?"

And he said, "No. I didn't owe Jackie anything." He said, "I didn't mind helping him, and it was a good buy. But," he said, "the reason that I bought it was that I have a horse trainer that trains my horses that I just wouldn't give up for anything in this world." He says, "He's more valuable to me than anything that I have, because he knows my horses, he trains 'em for me, and," he says, "his wife was crazy about that place." He said this guy was talkin' a little bit about other people who were trying to entice him away, and, he said his wife had just lost her mind over that place. "So," he said, "I bought it for them so that they could live in it, and his wife'd be happy, and I could keep him as a horse trainer." Now, I know that sounds like a little far-fetched, but I swear it's the story, exactly what he was told, and I believe it.

Another time, I had lunch with him and talked with him. He had called in Ed Price, who had been an auditor for me at one time, who now was working on his own, had some theories as to how to count slot machine money. Joe had discovered that they were taking him on the slot machines. somebody was. It wasn't the first time it happened in

that place. But somebody was shorting him on the count. And he was trying to plan a way to stop it. And he was apologizing to me. He said he'd been up all night, and he was asking Ed as to what checks he could put in, or ways he could suggest, where he could stop this thing, because he said people were stealing from him. He said, "I've been stayin' up all night tryin' to watch these machines and see what's happening to me. And," he says, "I've just worn myself to a frazzle." He says, "I'm not getting sleep, and," he said, "I've got to find this out."

And I guess he, of course, recognized the fact that we might wonder, with all of the money that he spent, and all of the things that he had, why he would worry about losing a few thousand dollars of this kind. The losses may run into the thousands, but not into big money, as far as he was concerned. He said, "I've know you may wonder why I go to all this effort to do this. Losin' that amount of money is nothin'." He said, "I've lost more than that in a day, or I could lose more than that every day. But," he said, "I just don't like to be taken. Somebody's taking me, and I'm going to find out." And I guess he did. He stayed with it until he finally corrected it.

Another incident that's a matter of history—he came and bought all of the property between Paradise Road and Desert Inn Road, from Karen to Desert Inn Road, and between Paradise Road and Maryland Parkway. The property is now the Las Vegas Country Club, and the International Hotel sits on it, and the Las Vegas Country Club behind it, and the golf course, and all that development, all of that acreage back there.

The place where the Convention Center stands was originally the old Las Vegas racetrack, and that went broke. I don't know whether I told that story, or whether I'll have time to tell it, but it was quite a promotion.

They needed it for the Convention Center. And yet, they didn't have the money, the financing. Public financing takes time to get it, and they didn't want it to go by the boards, So Joe Brown brought all of the property, and told the Convention Center that he would hold it for 'em, and that when they got their finances, and got their money available, that they could have it for just exactly [what] he bought it for—for what was really a song, under modern-day values—that they could have it for just what he paid for it. I think he paid \$2,000,000 for the entire piece of property. I think he had to buy the whole thing in order to get it. And he held the piece where the Convention Center now stands, kept his word, gave it back to the Convention Center when they got it financed. They got it for just what he had in it. And I believe that that was the price of the whole piece of property.

When I came to Las Vegas as county manager, the Convention Center was trying to buy the whole piece from his widow (he had died by this time). They were trying to get a bond issue through to buy this piece of property. And Mrs. Brown, at that time, had made an agreement she'd sell it to the county for \$14,000,000. That bond issue was defeated, I think mostly because the voters felt that the county didn't belong in a land deal of this kind, and I'm not so sure they weren't right. It's almost expecting too much of any public body to have land of that value, and particularly in Las Vegas. Yet, Bud Albright proposed the plan. He was then manager of the Convention Center, and I'm sure he was sincere, and he saw that it would be a tremendous business deal. Albright argued that they could sell off portions, as the International Hotel was later sold off [of the] property, and still keep a big recreational area where the golf course now is. And I'm sure there was nothing wrong

with the idea. It would've paid many, many times over, if it had been properly handled. But you can't always figure that public bodies are, particularly in Las Vegas, are always going to handle things exactly properly. The thing was defeated.

I'm giving the figures as I remember 'em. I believe they're pretty correct. A couple of years later, or two or three years later, when the developer who bought all that property, except the property the Convention Center is standing on, and developed it later into the Las Vegas Country Club, and the golf course, and the houses—or the area that built around it—when Marvin Kratter bought it, I think the price was \$22,000,000. He sold the part Kerkorian got for the International Hotel* for \$8,000,000. And this is all property that Joe Brown bought originally, I think, basically, to protect the county. He was an astute enough businessman to spot it was a good deal. But when these people were worried about it, and said, "We need it, but we haven't got the money," why, he just stepped in and said, "Gentlemen, I'll buy it, and you can have it any time you want it." I *know* the \$14,000,000 figure was correct. The reported sale figure of it some two or three years later, I think, was \$22,000,000, and the reported sale of Kerkorian's purchase was eight [million dollars]. It shows the value of property.

Lord knows how much Joe Brown's estate wound up with. He had a nephew that ran his business here for awhile, but he had no close relatives, had no family of his own. Whatever happened to all his money, I don't know, but I sure know that there was plenty of it.

And he did; he sold back to Binion, when Binion came back. That was after my time, but he came back and got a license. Binion got his place back. And his [Brown's] word was just better than millions of dollars. He was one of those men, like some of the rest that I've

described. If you had his word for a million-dollar, or multi-million-dollar deal, that was all you really needed. And I'm sure, once he attained and pyramided enough money, that it was just a natural process to keep it going.

And while we're on the Convention Center, I might as well go into that portion of it, because it's a story that shouldn't be left. They bought this property, and the Convention Center was financed by the room tax—was, and still is—which was one of those rare cases where a voluntary tax—the gaming people passed [it] on themselves, agreed to pay this five percent room tax, in order to build this convention center, because they realized that the money would bring business back to 'em. And it's turned out it *is*, right now, part of the life blood of Las Vegas, the Convention Center. They all agreed, "Let's levy this tax. We'll pay it." This is another almost perfect example of the few taxes that are closely related to the people who pay the tax receiving the the benefits back from the tax, direct, because taxes in government doesn't normally operate that way. But this is one of the few that does. The same principle has been applied in many areas since. I understand they got the idea from Phoenix. But it's existed all these years, and produced tens of millions of dollars, and brought money into the area, and it's—it's a controversial area yet.

But the part I want to relate is the location of the Convention Center. Gamblers, being the type people they were, they're highly competitive, they're watching each other, and nobody could agree on the site for it, because one site would benefit one person better than another. So they finally agreed on this site, and this is how the people in the community went to Joe Brown, or Joe Brown came to them.

*Now the Las Vegas Hilton.

They finally agreed on this as the site, because it was a taxi ride from any hotel, and no hotel would get the advantage of it. And they had the tacit pledge at that time that this would remain this way. There was a little beefing. The Stardust was directly down the street some four or five blocks from [the site]. There was a little grumbling that the Stardust would get the best of it, but they finally decided that Las Vegas weather being what it is, you just don't walk that far in Vegas. You get a taxi. And that once a person got a taxi, the location was not that important, whether it be the Stardust, or the Riviera, or Sahara, or any of the rest of them, and this was the basis that they made the agreement.

And, of course, when Kerkorian's International came in, this created quite a feeling for awhile, because he was right in the back yard of the Convention Center. One time, there was talk of them trying to get an underground passage from the center to the International Hotel. That never materialized. And this created some pretty strong feelings, because the gaming people who were part of the original group that were still around felt that this was kind of a dirty trick on them, to allow a hotel to be built right next door to it, that obviously would get the advantages of it. But there was nothing in writing, and no deed restriction, or anything of the kind, so—. And I don't think it's turned out that bad. I think that Vegas has gotten big enough so that no one hotel can handle all the business, anyway, and people want to see the whole area. So it's neutralized out pretty well. But there was very high feelings for awhile. And some of the oldtimers, and people in the political arena, that remember that, and they admit it, that there was that commitment, that they wouldn't do it. But time has a way of getting around most everything, and I'm sure, today, it hasn't hurt 'em that much.

While we're in the same area, I'll briefly recount some of the history of this Las Vegas racetrack that was on the grounds that the Convention Center now occupies. I was with the Gaming Commission at the time, and, of course, we went through the usual throes of licensing after this track was actually built. It was a promotion from the word go, and there'd been numerous other promotions. There never has really been a successful racetrack operated in Nevada since the old days when I was a youngster and the old Silver State Racing Club operated at what was later called the Fairgrounds, out on Alameda Avenue [Wells]. I guess it's still there. I can remember, there, they had a jockey club, and for awhile, thoroughbred racing was brought in every year. But that was in the era of [illegal] gambling. When gaming became legal, and became a big thing in Nevada, a thoroughbred racing track never really made a success. They have fairs, and quarter horse racing, and things of that nature. And there's a distinct question in the minds of a lot of us that it ever would [succeed] because it's not compatible with Las Vegas. Dog tracks are the same way. There's a long history of dog tracks. Jai alai games—there was attempts to license jai alai games. Pari-mutuel is run on them. But they cite how successful they are somewhere else, in Mexico, or some of these other areas, and dog tracks, how successful it is in Phoenix, for instance, and many other areas, or in Maryland, or some place like this.

But Las Vegas isn't Phoenix, or Mexico, or anything else. It's Las Vegas, and it's distinctively a flavor of its own, and it's built up on its own. And so when these things are all thrown at you, there was an awful lot of us that just instinctively said this can't go on in Las Vegas. There's too many other attractions, there's nothing to compare with Las Vegas, so to say this thing is successful somewhere

else, therefore, it's got to be successful in Las Vegas—.

And this track was a promotion from the word go. It went through many throes I won't try to recite here. I can't even remember. It went through bankruptcy, and was reorganized. It was a stock selling scheme. There were the usual stock selling swindles, minor swindles that went along with it. And for a long time, it appeared as though it wasn't going to go. But finally, as happens with a lot of things of that nature, after two or three starts, or a false start or two, other people pick it up. Finally, they did get the thing built, and of course, they were approaching us for a license, so we got into the area there.

And we, of course, had some problems with the licensing of it. It was a new operation. It was something totally new in concept, and we couldn't adjust to it that fast, and a number of us in the commission, and also, people in the state, just had that complete reservation on it. It just isn't going to go.

In the first place, the hot weather. Anybody that knows Las Vegas is just not going to sit in a race stadium in hot weather.

Well, they planned to operate and to open on Labor Day, on the Labor Day weekend, and operate through September, when they claimed the weather would be better. But they couldn't pass up this Labor Day weekend. They had to get in that. Del Mar racetrack—I guess still does, did in those days closed down about the middle of September. And Hollywood Park and Santa Anita were all closed about that time, so they figured they could draw these horses to the track from Los Angeles. But to get the real draw, they'd have to wait 'til Del Mar was over, because most of the racing fraternity went to Del Mar until sometime after Labor Day. They just couldn't pass up this Labor Day proposition.

So they built this track. It was quite a little plant [to] people that remember it around here. It was a nice grandstand. It was a good track. They spent a lot of money on it. They finally got enough money poured into it. And, of course, we were faced with something entirely new, a parimutuel check, and to collect the pari-mutuel receipts on it. And, of course, racetracks have state inspectors always in the room, all the time, on the pari-mutuel machines.

(Of course, nowadays, they operate by electronics, and even in those days, they operated with modern calculating machines. In the days when I was a youngster, a parimutuel man was just a mathematical wizard, could sit there and figure the odds and the pool real quick, with nothing possibly but an adding machine, or at most, [an] old-fashioned calculating machine, or abacus, or whatever they used. And, of course, they got tremendously high pay, I found out, in investigating this thing, that this was no longer true, even in those days, for electronic data processing was available, that modern calculating, it's, really, a fairly simple calculation. You take all the money in the pool, and deduct the amount that comes out to the track into the state, and distribute the rest according to the odds on the track. But the state inspectors have to be men that know odds, and how track odds are figured, and can follow this thing, and you have to have a state inspector on the job.)

So I went down to Del Mar, and finally heard of a man by the name of [Ezra T.] Fiddler (I always called him "Jimmy" Fiddler, but that wasn't his name), [an] elderly gentleman that had been in this business all his life, from the time they did calculate, almost, by pencil and paper. He agreed to come and check this pari-mutuel for us for—oh, I think the figure

was a hundred and fifty dollars a day, plus expenses, or something. It was a fabulous figure, particularly for that time. And I learned a little about the pari-mutuel, went down to Del Mar a couple of times, and met him, finally made arrangements to hire him to come in and check this pari-mutuel, 'cause we were babes in the woods on it. They could've run us ragged.

They took us all through the layout. And it was the usual, like a hotel at the last minute. Everything was bedlam, people runnin' around, building things, and wiring. And they were wiring in this Australian tote system. (This is where a "tote board," as it's called, was developed, in Australia.) And this pari-mutuel odds were developed off what was called the Australian tote board. They took me in and showed me this system that they were installing in there, and it was all wired into the building. And it was a fantastic operation. It was wired to counters, and calculators. They're wired right into the ticket sale machine. Every time a ticket sale is punched—it's all done through a ticket machine. It isn't handled at all by hand. And every time a two-dollar ticket is punched, why, it registers in the totalizer, and goes on, on this basis. And it was all wired to the ticket selling windows, it was wired upstairs into visible totalizers, and the computer looks something [like] big clocks that you could look at any minute, and they were all over the place. It was a terrifically complicated thing! And they were bragging on the fact that it was the original Australian system, something I didn't find out 'tillater, that it was the only one, at that time, operating in the United States, or had been operating for a number of years. And they rushed to get it ready. And then, when the track started up, and we had Fiddler on the job, and everything was going,

the totalizer machine broke down. And, of course, they got 'way behind in figuring the races, 'cause with a modern totalizer, or the Australian totalizer, if it worked right, the race runs a minute after the windows are closed down, and before the race is over, they've got the figures, the odds all figured, the payoffs all figured, and everything else.

And [laughing] so it was a horrible event. It was on Labor Day, and, of course, Labor Day here is quite often hot, and it was hot then. That was no exception. The stands were half empty because people just wouldn't sit in the heat. This, what they call the—oh, I'll think of the name of it in a minute, the swank place where they serve food, and the members go. They sit at tables, and watch the races. It's in every track, and it's where the big players, and the movie stars, and everybody go to, and they can order food there, and watch the races—the *hockey club*, I think they call it. And that was noticeably empty. They accused the hotels of buying up all the tickets to it, and then just holding it, so people [laughing] wouldn't get out of the casinos. And this was a tactic that might've been true one day. I think that [the] people that were operating in those days actually bought the tickets to help out the racetrack. They didn't want it to be a big flop, any more than we wanted the Royal Nevada, or the Moulin Rouge, or some of the rest of 'em, to be a flop, because of what'll happen to the town.

It did. They got way behind. I wasn't down here for opening day, but I got a report. I had our auditor on it. Fiddler was supposed to do the checking on the pari-mutuel, and they got so jammed up that he had to help 'em figure the odds, and then, they were three or four races behind. People just aren't used to it, and they won't bet that way any more. They won't wait until three or four other races are run to

find out what they've won. They won't wait 'til the fourth race to find what they've won in the first race. It just doesn't work.

The track, I think, operated two or three days, and then closed down. It was in a mess. The horsemen didn't come in. They had a big handicap, and, of course, typical of Las Vegas and Las Vegas operations, their big day was going to be like the Santa Anita Derby, except they were going to give \$101,000 for the prize. The Santa Anita Derby was always one of the biggest at \$100,000. So they were going to give \$101[,000].

By this time, of course, the horse owners were staying away in droves. The melee was attracting a lot of attention. And I, about that time, went down to check up on the track, and all of this mess they were in. And I found out that this Australian tote system—they said it had only been installed in recent years, I think, in one other place in the country, and this was the only one that was even—. Why these promoters used it, unless they got some kickback off of it, I don't know, but here was this tremendously complicated, wired-in system. And the U.S. system that was used in all of the U.S. tracks (I think it's made by United States Totalizer, or a similar name to that) was in a little portable machine that wheeled on casters. (Even then, data processing was developed and pretty well known.)

I knew John Hansen in the Thoroughbred Racing Protective Association pretty well, and John told me that they moved it overnight, from the closedown of Santa Anita, to install it in Del Mar, and it'd be working the next day. And here, these people had worked with electricians, and crews, and everything else, wiring it into the building, and going through all of this tremendous expense. And finally, they did go out and—. Of course, these [machines] weren't for sale, and, I think,

possibly, the Australian [system] was. Typical to data processing machines, they were leased out, and they finally did lease one, after about a ten-day closedown, and move a machine in there after all of the thousands of man hours that were put in putting this other system in. They got going again, and they operated maybe a week or two weeks—I guess about two weeks after they got the new machine in. But things got worse and worse. The thing fell off, and so everything exploded. Of course, the stockholders, investors, lost their money. Everything was left in the usual mess, and bankruptcy. Then this nice, modern, little racetrack, very modern and well done—again, the figure of a couple million dollars sticks into my mind that they spent on it—sat there for quite a long time, just totally unused. Once in awhile, I suppose, somebody, a fair, or somebody, would use it for quarter horse racing, or something. But it just virtually sat there all of the years until it was just bulldozed down. And it kinda hurt me a little to see it get bulldozed down when I'd seen all the money, and all of the blood, sweat, and tears that had gone into putting it in, particularly that totalizer system. But when we bought it for the Convention Center, it was bulldozed down, and the Convention Center sits on that site now.

Later, Joe Wells made a success of quarter horse racing off a racetrack across the street in an area that was owned by Beldon Katleman. He ran a rough track there, but he adapted it to Las Vegas, and to circumstances. He had some interesting races there for awhile. It wasn't thoroughbred racing. I don't know exactly how he operated his pari-mutuel, or whatever he had goin' on it. But there wasn't a lot of money put in it, and I think he made a little money off of it for awhile.

Other than that, racing just hasn't been for Las Vegas. People have talked about bringing

in dog tracks. It wasn't too long ago—three or four years ago—I saw an old, familiar sign. They were trying to revive jai alai as a pari-mutuel game, and put in a jai alai fronton, they call it. We went through a number of those.

Las Vegas just isn't the place for it. It's its own place, and its own unique flavor, and I'm afraid that the rest of 'em would go the same way. But as we might say about other things, they were interesting—particularly the racetrack—interesting while it lasted.

We'll go on discussing people in Las Vegas in those days. Gus Greenbaum, of course, was one of the figures here for many, many years. Gus had a reputation of being a pretty tough customer, I suppose. I know that I always looked upon him that way before I met him and knew much about him. He came into the old Flamingo hotel after Siegel went out, and along with Morris Rosen, Moey Sedway (who was quite a little character of those days), and Willie Alderman (sometimes called—generally around here, called “Willie the Lump-Lump,” or sometimes was known by a less respectful name of “Ice Pick Willie,” probably going back to his early days). These were the people who ran the Flamingo in those days. Davey Berman was another one. And they were all typical, of a typical group. They were all old-timers in the game when they came to Las Vegas, and had operated in various places in the country, probably in illegal gambling, and, of course, some of them in other operations that may not have been as acceptable— at least some of them had that reputation.

They were also typical of those people in Las Vegas in the early days, that while they had a background that couldn't stand too close a scrutiny, under modern-day standards, at least, they were early pioneers; they were glad to be in Las Vegas, and really, as far as the gaming regulation of those days, or the

type of place they operated, gave very little, if any, trouble. They were cooperative, and tried to accept gaming regulation in legal gambling for what it was. They were glad that the community accepted them. And this is the hallmark of these people in Las Vegas in the early days. Las Vegas and Nevada was probably the first place where they were accepted as citizens, as equals, and probably [as] people of influence and power in the community and in the business that they represented, which, of course, was the basic industry of the community.

This was new to 'em. And this was something they all loved about it, and appreciated. And in return, they could do no less for Vegas than what was expected of them in the community. And this is something that people outside of the state just never could understand, how people of their background could be citizens of the community, and be liked as persons, and accepted in all parts of the community. And I think it could've happened, at least at that time, *only* in Nevada, and probably could be understood in Nevada. These people, of course, all of them associated in [gaming] came to Las Vegas in the earlier days when there was no regulation. Most of them, I'm sure, were grandfathered in, as McKay and Graham, and some of the people in the north were. I never found them hard people to deal with at all.

Now, Gus was the boss and accepted by all of them as the boss. We'll have to add Benny Goffstein to that group. The reason I say that is, Benny used to reverently refer to Gus as “the boss” or “the chief.” And there was almost reverence in the way they felt about him. And there's a word in the gambler's vernacular that I would find very hard to define in a dictionary sense, but I know its meaning well and everybody associated in those areas also understood it without any definition. And

Benny and Moey Sedway, and some of the people in there, would say, "Gus has class." And when you said they had class, that was their own definition. And he did. He had it. I met him first in the old Flamingo. He was a friendly man in a way, but still had a reserve and a toughness about him—on the exterior, but that was apparent. He ran the people around him and the Flamingo, and made the final decisions without any question. He was a gambler's gambler. He loved to play poker, and [was] known all over the country as one of the best, I understand—any form of cards. And some of the best people in the country would come in there, and he had a lot of what we called the *back room* games. They'd go up into the hotel room and have games among themselves for high stakes. It was a test of ability, and a test of toughness, enough to test each other. Yet Gus's reputation was as one of the best card players in the country, and he'd play for anything, and he'd play anybody for anything. This was a personal characteristic, over and above his job as president of the hotel and of running the organization.

I don't know whether I've quoted this before, but I had an old-timer in the business tell me that men like Gus Greenbaum, Johnny Drew, and Sid Wyman, who were gamblers themselves, would play anything for any stake. He said they were some of the best card players in the country, and people come from all over to challenge him. They loved to get into games with him and, he said, "Some people think that they cheat in these games and," he says, "they don't." He says, "They don't have to cheat because they're so much better card players, and they've been at it a lifetime, and it's a business with 'em. They can beat 'em on their own ability, and they know it." He said, "I wouldn't say they didn't know how, but," he said, "they just don't have to, and," he said, "it just isn't something that's done in

games of that kind, and these're the kind of card players they are."

Gus has told me of people that came to him. He told me one time about a young fellow from Los Angeles (a kid, in his vernacular), who made a trip here for the sole purpose of playing poker with Gus Greenbaum. And Gus said, "I didn't want to play him, and I didn't have the time for him." But it was just—well, if you want to get a little maudlin in your comparisons, it was kinda like the traditional gunslingers of the old West. When a guy got a reputation of being the best, why, the young, aspiring guys came to take him on. And this kid came to take on Gus Greenbaum. And he said he pestered him, and pestered him so much, that Gus said, "To get rid of him, I finally said, 'All right. What kind of stakes are you going to play for?'" And he named a sum. I don't remember it, but it was a lot of money in those times. He said, "All right, you bring out five thousand, or ten thousand dollars, and we'll play."

And he did. He said he played with him and he finally won his money. And the kid left, but he was kinda happy about it, said well, he'd go back. He considered himself quite a card player. I think he came from Los Angeles. But he'd go back there and make some more money, said he'd come back and play with him again sometime.

Let me stay with the old Flamingo for a minute. That was quite an organization, and of course, at that time, it was really the third place in town, I guess. You had the El Rancho, the Frontier, and the Flamingo. And, other than a few spots, strictly smaller places [that] would come out for awhile, a lot of bright lights, and then fade away or get absorbed in some other operation, these were the main places in town. And I would say the Flamingo had the reputation in those days of catering to the people, some of 'em, that might have been

loosely defined as the Mob. I'm sure most of the associations of these people—they knew a lot of these people well, and this was where you would find most of them, although, as I say, from everything we could find out, they behaved themselves pretty well. Our main problem with them, as I remember, was, of course, they had this reputation. These people did come in there, and it sometimes created a little notoriety that would give us some trouble, and we'd get complaints this way.

Sanford Adler came down here, got into partnership of sorts with 'em, and there was an argument that—nobody knows exactly—I don't even know that Gus was there. The argument mainly involved Morris Rosen, who is a little fellow himself, but was a tough little guy. Anyway, Adler came screaming out of the Flamingo with a black eye and screaming for help, and saying that *they* were after him. And about as much as we could ever find they got out of him was that the mobsters, the gangsters, were after him. We investigated it as best we could. We went down to Chief Anderson in Beverly Hills. Adler fled to Beverly Hills and asked Anderson for protection and said they were after him, they were going to get him. And this was about all we could ever run down, from all the information that Anderson had (he had Adler's story).

I think mainly, it was just a difference in the people. This was a close-knit operation, whether you want to call it—. I know a lot of people that would, in the East or outside the state, would, and did refer to it as a Mob operation, because they were close-knit people. And people like that, before and since, long associates, they have a lot of differences and lots of arguments, from descriptions we'd get outside, and I've actually seen a couple of them. They'd get into a room, themselves, and they'd scream and yell at each other. I think

it's typical of the people of their race. Most of them are Italian or Jewish. They were voluble, emotional people. They'd scream and yell at each other and wave their arms. But this was part of the business. And as one person that used to be on the outside said, "The doors'd shake with the ruckus that would go on." But when they came out of that room, they had their problems settled. Somebody won it and somebody lost it, but it was left in the room. And then they'd go out and go about their business in the place.

Sanford Adler was a different type of person. I had no respect for him. He was a typical bootleg operator. I know, from many things that I was told, he ran cheating operations, he did anything that he could. His word wasn't worth anything in the experiences that I had with him. He was a type like Bones Remmer, although I think Bones was a straighter man in that respect than Adler was. And these people were different people. They were tough people, they came from tough backgrounds, they ran a tough business that way, but they settled their problems in the way that I have just described, and Adler just wasn't part of that and just didn't understand it. So I assumed the black eye, of course, was legitimate. He probably made himself obnoxious, as well he could (I know that from experience), but I think the rest of that was in his mind. I don't think he was an important enough person to them. But he'd heard of their background, he was afraid of them, and I suppose that some of them in that group were capable of taking vengeance in the traditional ways. I don't think Ice Pick Willie had his name for nothing. But yet, in all the years that I saw him around, he was one of the quietest persons I ever saw. He didn't bother anybody, and he didn't want to bother anybody. He was one of the quietest, most aloof persons that I have ever seen.

And I think this was mostly in Adler's mind. That's my memory of it. There may have been details that I've forgotten. But I know that it was dismissed this way.

I went down and talked to Moey Sedway, and Moey was kind of a lieutenant for Gus. Gus wasn't around. And they'd come out and give you a straight story, tell you exactly what happened, and that was it.

Actually, in my opinion, we were well rid of Adler. I think that was about his last foray. I can't remember whether his Lake Tahoe operation went on after that, or before. But we were well rid of him when he did leave the state, I'm sure. I don't know—again, that's something that a lot of people wouldn't understand, because if you just went into the paper background of the two people, Adler'd probably come out best.

Another incident that I remember was, we went in to see a show in the Flamingo. And Moey Sedway always came over. (He was kind of the Beldon Katleman of the place. He always greeted everybody.) He was a little fellow, not over about five-one or five-two high, but he was kind of the lieutenant, the operating man. They always gave you a lot of attention. Gus'd drop by, generally, and say hello, and he was king. He always had to drop by, and say hello, although he didn't spend a lot of time. He sometimes would visit with you a little. And John Carroll, the movie actor, [had] been signed up, and it was his first—and I think possibly his only—nightclub act. He'd prepared this act, and they got him on in the Flamingo. He, of course, was a handsome movie actor of his day. He had, I suppose, an ordinary voice, but certainly, a voice that probably should've been confined to singing in the shower, rather than out before an audience. And he came out, I think probably scared stiff—that would have to be my guess because I think it was a new

type of operation for him—and broke into a song which he didn't do very well with. And I think [he] realized it, and so finally broke into a mumbling monologue, telling the people of his troubles, about how impolite people were in this place, and he was clutching his throat, and he said, "My throat bothers me—bothers me." He said, "I had to loosen it up before I came out here. And I went through the kitchen." He says, "The kitchen's right back here, and," he says, "they just treat you like dirt back there. They don't pay any attention to you." He said, "I might as well be a kitchen boy to 'em," he says, "I asked the chef, 'Could I have a little drink of hot water to kinda loosen up my throat?' And," he says, "you know what the guy did? He just snarled at me and said, 'Aw, go on, get out of here,' or somethin', 'you're not allowed in the kitchen anyway.'" He said, "He wouldn't even give me a drink of hot water." And he went on in this mumbling business.

Bill Gallagher was with me, I think. We sat and looked at each other, and we sat and looked at Gus. We thought it was part of the act. And Gus was just amazed. His eyes were almost poppin'. And he looked at us, shook his head, and [laughing] he says, "I don't know. I guess the guy's crazy, or drunk, one of the two." And he got up and left, and I don't know, can't remember, what Carroll went through. He went through a few motions, and whether it was a portion of his act—but I don't think he [laughing]—I don't think he appeared at the Flamingo anymore.

That anecdote, of course, hasn't got anything to do, particularly, with Gus Greenbaum, other than his total surprise. And these were things that happened in Las Vegas in those days. It was new, and they were trying out various types of entertainers, I think, because it was costing them a little less money than the established stars.

This whole group left the Flamingo and went to the Riviera. And this was probably where I saw more of Gus than I did in the old Flamingo. My associations in the Flamingo were more with Moey Sedway, or Davey Berman, people of that type. Gus ran the same type of operation in the Riviera. Of course, the Riviera was newer, and had gone through some throes in the meantime—problems. But it was generally the same group.

One story of the old Flamingo group might bear telling. I think it was when the Kefauver investigation was down here. Some of them had gone through the records, and they referred to Benny Goffstein as a mobster, as a gangster. Benny came up from the circulation department of the *Los Angeles Examiner*, or one of the Los Angeles papers, got his start, I think, like a lot of kids, probably as newsboys of the street. He was a bluff, hearty fellow, with a hearty laugh, and very much of an extrovert. And Benny was wounded to the quick. The others of the organization, as I remember, didn't get the same attention as Benny did; and while Benny didn't say so, I'm sure that was part of the wound. I think they left off [laughing] all the rest of these ex-tough characters, and made this reference—I think it was just a reference.

I went into the old Flamingo that night, and Benny was screaming, roaring drunk, and had a weeping jog on. And all of the characters were around, trying to comfort him, and he was just shrieking and crying that he'd been called a gangster, and that he'd never had anything like that happen to him before. And one of them called me aside and told me that this was the first time that he'd ever seen Benny have anything to drink, or have—particularly—too much to drink. And he said, "He's not a drinking man at all." He said, "It's the first time we've ever seen him this way."

And that was absolutely true. I've known Benny Goffstein for many years, until he died just a few years ago. He was a very much loved person here. He was a PR man originally, was handling PR for the Flamingo because of his newspaper background. I ran into him earlier, in one of the books (I think I've recited that). But I never did know Benny to—I wouldn't say I never saw him take a drink, but I never saw Benny at any time, in the twenty years I guess I knew him, ever show the effect of drink in any way, or ever have too much to drink, other than that particular time. And he was sure a wounded, hurt man. As I say, I think probably a lot of it was the [laughing] comparison. They happened to pick him out of the [laughing] group, and I'm sure Benny didn't have any kind of a background of this kind. He may have had an arrest or two as a kid, as all kids in a neighborhood of that kind did. Of course, Benny survived them all, out of that group.

But when they moved to the Riviera, the whole group moved down there. They had Mike and Elias Atol, [who] came into the operation somewhere along the line there. And I don't know whether Joe Rosenberg came in during that operation, or right at the end of it, when a later group came in. But anyway, they ran a newer place, with a little more class to it.

I had some dealings with Gus, but there again, as I say, whenever there was a problem—and most of them were problems of either notoriety, or people in the area, or something, complaints—this type of people were vulnerable to complaints because of their reputation. So consequently, you got what is termed in the gaming industry *loser beefs*. And this is common. A man loses, and then after he's lost, the reaction sets in. It's just a normal reaction. He tries to find some reason for it, so he assumes he's been mistreated, or

that he's been cheated. But of course, we had to run these things down. And we got our share, a good share of them. Particularly, I say that because I think of the vulnerability of people of this type. Invariably, I'd get shoved right up to Gus if there was any problem. Benny Goffstein was a PR man, and a contact man, and he was kind of the greeter after Moey Sedway died. Moey died of a heart attack while they were still in the Flamingo. But I'd get shoved right up to Gus, and Gus would talk to us, and wouldn't hedge particularly. Now, I think sometimes, some of those things referred to would run to poker games he may have had in the room, or some of those areas.

I remember one time, we got a complaint from a young man (I think his name was Griss, very close to that. He was heir to the May Company fortune in Los Angeles, the department store group). And he came to Las Vegas, I'm sure was touted around the town, and he dropped, I think about \$100,000 and ended up in the Riviera, I think with Sid Wyman. Sid Wyman came into the Riviera about that time, although he was not a licensee. He worked there as a floor boss, and in that area. And so we got the story from 'em. He ended up in one of these room card games, where he lost a good portion of his money. It was typical of the era. Maury Friedman, who has a long record in later years, met him and evidently sensed that he had a lot of money. And I think he met him in the old Frontier, which Maury, at that time, was trying to put an operation together and had an interest in. And Maury touted him away from the Frontier, said, "Let's go. Let's go about the town."

He took him over to Beldon Katleman's place at the El Rancho, where he lost about \$25,000 (at least he claimed that he lost \$25,000). When we went into the game records—this had gotten into Newell

Hancock's time, when we had a good accountant working for us. We went into the game records. The win of his play (and Newell could trace it) was \$12,500. And I had a little talk with Beldon on that and Beldon said, "Well, that's all that I can tell you, is that it was \$12,500. That's what the game records show, and that's what it was."

Well, the man swore that he lost \$25,000. Of course, the implication is pretty clear there, because \$12,500 is exactly half of \$25,000, and gamblers quite often have what they term the splendid way of splitting things on a fiftyfifty basis. I can't remember whether that was part of our arguments with Beldon or not. I wouldn't be surprised if we charged another \$12,500 back to him. But there wasn't too much question as to who ended up with half of the action. Maury's later record in the Friar's Club pretty much points out that history. Of course, this was something that was first part of the business in those days, and you knew existed, and had to put up with. It was nothing that any gaming man considered bad. It was just part of the normal tactics.

But he then said that he was taken from there to play cards with Sid Wyman and—I can't remember whether Gus was in on the card game or not. But needless to say, he lost the rest of his money in the room. And we were pretty hot about this, not that we could do a lot about it. In those days, we were a five and a half percent partner; we had a five and a half percent interest in the business. But he started in Maury's own place, and Maury touted him out of there because— and for some reason or another, he had to tout him to the El Rancho because there was more in it for him in the El Rancho than there was in his own place of business. At least, he got half of the action, where [laughing] he only had a small interest in the Frontier, relatively.

And then, from there, they got into a card game in a room, where we didn't have any part of the action. But he had a lot of action on it. I think he left an IOU for \$100,000 at least; he left an IOU for a lot of money. And whether he ever paid it or not, I don't know, because he made a complaint with us, and we started to run that down.

I remember we ended back with Gus Greenbaum. And by this time, I was pretty hot. Of course, we were just kids, and all that, but we had a big stick. And these older people, even though they had a long background and were much older and more experienced than we were, had to say, "Yes, sir," and had to put up with us. And I could get mad and get away with it. And we had called Gus up, and Gus said, "Come on up" to his suite, where he lived in the hotel. He met us in his dressing gown, and sat down and talked to us. And to the best of my recollection, he wasn't in this card game, but I do know that Sid Wyman was, who was just as good a card player.

Now, you go back to the same thing the man told me, that I have to believe. Griss probably thought he was cheated, but I really don't think he was. I just think he was an inexperienced player, and he was touted to a degree. But I got a little indignant, and I got indignant with Gus, and made a couple of cracks about the place, that we were tired of his games, and one thing and another. And Gus was just his quiet, polite, very nice self. And after we left, Bill Gallagher said, "You couldn't see Gus, because," he said, "you were at his side. But," he said—I've forgotten what the remark was, but I may have made a pretty rough remark, or—. And he said, "You should see the change in his eyes!" He said, "Gus is kind of a friendly guy, and he's got a friendly way about him, even the expression of his eyes. But," he said, "it's just like a curtain went down, and," he says, "they got that real hard,

steely look at somethin' you said. But it was just a flicker, and that was it."

I went down, I remember, and stormed, and raised all the hell that I could. [Laughing] We had a group meeting with Benny and Sid Wyman and the pit bosses, and everybody else, and I stormed and ranted, but it didn't—. They all said, "Yessir, yessir." Looking back on it, it was a little incongruous, because here's—to them—almost a fuzzy-cheeked kid, young in the business, but because of the stick we had in those days, all of these characters had to sit there and say, "Yes, sir," "No, sir," and "Sorry, sir," to us, which they did.

And I don't know what ever happened to Griss's marker. I don't even know whether it was paid. We never heard anything more about it, so probably it wasn't pressed.

And that was one of the last times I saw Gus. Right at this particular time, he was out of town a lot. Now, Gus had other actions. And I think he came originally from Phoenix—I know he did—and I think the action in the Flamingo after Siegel's day was financed by one of the banks in Phoenix a lot. Gus was originally a track man, a racehorse man, followed the horses, and, I assume, did a pretty good booking operation in Phoenix. But he always had lots of things going for him, and right at this particular time, he was gone a lot. He wasn't in evidence at the hotel as much. These are things that get around in a community like Vegas, particularly at that time. There's a kind of an air of uneasiness that seems to pervade a little bit. And, of course, gamblers are very astute, suspicious people; they sense things. And we just got a little of it, that Gus was not too much in evidence (similar to Lincoln Fitzgerald's deal, although not as noticeable, or as long—in the old Nevada Club). And then, of course, the news broke that he—Gus and his wife—had been murdered in Phoenix, in their home

in Phoenix. It was a messy thing. They had their throats cut, both of them, and nobody seemed to know what it was, but they figured that the “boys” had ‘em, that it was maybe mob retribution. He and his wife both found, one of ‘em in the bed, and one at the foot of the bed, with their throats cut.

The newspapers called me for a statement, as they did everybody. Gus was very well known. Of course, it created quite a lot of excitement. I stated at the time that I didn’t think it was a mob deal, that it was too messy. To knife a man of this type was a pretty messy thing, and it didn’t follow the usual M.O. that we read about, at least, in the Murder, Inc. operations, and a lot of those things, which they were trying to associate this with. They asked me for a description of Gus, or something I had to say, and I could only say the thing that stuck in my mind the longest, and had told to me early in the game, that “Gus had class.” They respected him. And I can’t define it any better, probably, than the people that use that—but I know what I meant by it.

Now, in the years that have gone by since, I’m not so sure that my statement was correct, although it’s hard to tell who was behind it. They may have been hired. As I remember, nothing much in the house was touched. It seemed to be a typical deal of this type. But I have to assume—and I’m quite sure of this in my own mind—that if it was, that it had nothing to do with the operation of the Riviera, as such. There really isn’t anything of that nature that they could get into, I don’t believe. But Gus played around town when he couldn’t get action in his poker games, or in playing whist, or gin rummy, or anything else that he whiled away his time with. He’d gamble huge sums downtown. And he was out of town a lot, and I’m sure he gambled a lot

then in the games that go on in Palm Springs, and Hot Springs, Arkansas, and all the areas where these people congregate. And I would have to assume that he may have gotten over his head (I think, after the years settled down, that this is the general view that’s held), and probably owed somebody a large sum of money that he couldn’t pay.

The feeling that was held by some people—and it’s not a very nice story, but knowing Gus and his toughness, it’s entirely in keeping with the character and the circumstances—the story was that—I can’t remember whether they were tied up; I think they were, or at least one of ‘em—that he was held while they cut his wife’s throat, made him watch it—which evidently didn’t break him down that much, because he—in the end, he went along with her in the same manner. And knowing the man, his operations, and his toughness, it’s in keeping with his character and the situation. And sometimes these people that breathe these stories afterwards have pretty good intuition on what might’ve happened.

Some people, I guess, thought it had something to do with Vegas and Vegas operations, and, of course, it’s possible, but I just doubt it. I just think it was part of Gus’s operations that he operated on by himself, and on his own.

The rest of the people stayed there [the Riviera]. Benny Goffstein became more and more the front man, and more of the business operator of the place. Willie Alderman and Davey Berman and the rest of them were gamblers. They were pit men. They watched the gaming end. And they ran the Riviera for a long, long time, and I think ran it successfully. Well, it was about this time that the Atols and Joe Rosenberg and some of those people moved in. Benny stayed there, I think, until he went on to the Four Queens in downtown

Las Vegas, in which, of course, he and Tommy Callahan were the main owners. Benny was his same bluff self. He probably operated and lasted in Las Vegas longer than most of them (he died just a few years ago, after he went into the Four Queens), and he was a community-minded man. His flair to the public relations, he liked people, he was bluff and hearty, and not a gambler. I mean, I'm sure, like lots of 'em, he was a horse man. He followed the horses and the ponies. That's where I first ran into him, and he may have continued to play them for his own amusement. But he was one of the most likable and best remembered of this early group in Las Vegas. I would put him in a category with Moe Dalitz. There was nothing in the community that he wasn't interested in. Whether it was something for the church, or something for the Chamber of Commerce, or something for the community as a whole, Benny was in it, was generous of his time and his money, and he loved Las Vegas, and was just part of the old group, and certainly one of its better citizens.

I never go by the Four Queens, to this day, going along the side street, that I can't look over and imagine seeing Benny in his old spot, generally near the door, watching people. Or when I occasionally went in there to lunch, Benny'd come over in that big, hearty way of his, say, "What's the matter, son, what're you doin' here? Slummin'? What're you doin' down in this country?" Of course, this was after I [laughing] became associated with Strip hotels.

Davey Berman died here. Of course, as I said, Moey passed early—still in the Flamingo days. The Atol brothers and Joe Rosenberg stayed through the other operation until just recently. But it was quite a group of people, and they stayed together pretty well until Gus, unfortunately, left suddenly. Then the

tightness of the organization broke up some, I'm sure. But they were an interesting group, and always associated with just one particular segment of the Las Vegas operation.

Let's talk for a moment about some people we have discussed before, while we're discussing operations like the old Flamingo and the group. Another close-knit group, that came to Las Vegas—and I know I've recited this previously—is the group that built the Desert Inn, referred to by many, many people as the Clevelanders, the Cleveland Mob, the Cleveland Gang, and many other things. I probably had more experience with them than any of the group here. They don't date back as far as the Flamingo group, but certainly lasted longer, and they came in with a new type of operation into Las Vegas. They built the Desert Inn, which, for many, many years, was really *the* joint and *the* place in Las Vegas [laughing], they had the most class, and lasted longer, and was really the center of a lot of action in Las Vegas.

I think this group, as the Flamingo did, suffered a lot from the stories of their operations in Cleveland, because they were big operators in illegal gambling, and nightclubs, and earlier than that, in the bootlegging days. Probably were maligned unjustly more than any group in Las Vegas, I think because of their money, because of their ability and their power. There was a feeling that they would come into Las Vegas and take it over.

I know I've covered the investigation in Cleveland, which we spent a week back there, talking to everyone from the mayor's office, and the FBI office, and the chief, the department of safety head. We had the police department, as well as the other departments; the newspapermen, Forrest Allen and Todd Simon. Forrest Allen was a crime expert on the Cleveland paper, the *Press*, I believe

it was, *The Cleveland Press*. They had long backgrounds on the people. And I think I've related we didn't find anything of that type an operation while they operated in Cleveland.

McGinty was a mystery man. McGinty owned the Mounds Club in Cleveland. The others operated the Beverly Hills Club, and in clubs in Covington, Kentucky, and were very successful operators.

But the usual rumors went around, said they'd "come in, take over Wilbur's baby" (and it was his baby, his pet). He had nothing but the walls up, which they tore down and completely remodeled. But then, "as quick as they got the operation going, they'll take over the town, they'd kick Wilbur out, and run it themselves." And they did none of these things. I saw a lot of their operations in the time that I was with the gaming board, when I was with the Tax Commission, when I was down here as county administrator, and since I've been in the association. They were *operators*, as the saying goes; they made money, they ran a good operation. And Allard Roen became the—. And Ruby Kolod—Ruby worked for them as a kid in Cleveland. Allard was the college man. He was a graduate of Duke University, and his father had associated with these people in Cleveland, never did come out here. These two, as time went on, took over more of the operation, the actual running of it. And they both fell victim to problems outside of the state and in their personal operations. They were always looking for a good investment, always looking for a chance to make money, and they never hesitated to do it. I don't think it was anything that was connected, or had anything to do with, the operations here, but that's a matter of history, and a matter of record. Again, I never had any troubles in approaching them with any problem, or anything.

I don't know whether I've said it before, but I know it can't be shouted from the housetops, or as a matter of a public statement, because you'd get cut to pieces by it. But I've dealt with both types. I've dealt with the so-called gangsters and hoodlums, the people that came out here, of which you heard a lot about in the early days in Vegas, and I've dealt with the businessmen, as I've gone over, in the era of the businessmen down here, people that were successful and well thought of in other businesses. And between the two, for the community, and as far as we were concerned, in regulation or anything we had to do, I'll take the so-called *gainbier* and mobster (after they came to Las Vegas) every time. Whenever you went to 'em with a problem, you sat down and talked to 'em, they said, "What's your problem? What do you want us to do? Tell us what we need to do, what we've got to do, and we'll do it." You'd hit one of these other people, and you'd get nothin' but argument. Of course, they're used to a nonprivileged business. They came out of other *businesses*—car dealers, the hardware business, nightclubs, or any of the many others that I've recited—and they weren't used to a regulated industry. And they gave you problems, and trouble, and they'd argue with you. I think we had more reason to have disputes with 'em, because, again, they're businessmen, and money-makings's a part of the business, and they are hard businessmen. But you never got the cooperation you [got from] these people [who] didn't want any trouble. Again, they came out of an area where they operated outside the law, and they loved it here in Vegas, and they loved being out front. Many of them used to recite in the old days that when they first came here (and some of the dealers that they brought here), they found it hard to get used to seeing a uniformed policeman come into the place. The instinct was to grab the deck, or duck

under the table. And they loved it. whenever you went to these people, they told you straight out what would happen.

I can remember when Ray Warren was still down here, we had problems with all of these people in those times—the notoriety you'd hear. And, of course, that's where the old Black Book first developed. You had people that came out, notorious, with reputations. They loved to come to Las Vegas and gamble, have fun. They wanted to be left alone while they were here. Of course, there was always the innuendo that they were here to—as Sandy Smith might say, or some of the rest of 'em—they were here to collect their money in their secret interests. This may have been true in some instances, but very little. They were here to have fun, and this was their business.

But I can remember going to these people. We were under considerable pressure before the Black Book days: "Keep 'em out." Of course, there's that difference in time, and a difference in public attitudes, and the different attitudes of the courts. Alan Bible told us, I can remember many times he said, "These people, unless they're vagrants (and they're not), they've got money in their pockets. I think that Frank Costello, or anybody else that is not wanted for anything in any court, can come here and drink tea, or whatever Frank Costello drinks, and behaves himself, spends his money, does nothing to give you any reason to object to his presence," he says, "I just think you'd have a very difficult time keeping these people out." And, I believe at the time, he was right. This was the philosophy we generally followed. But we did try to get cooperation from some of the people to keep these people out, and to hold it down.

And they were very frank. They said, "Look, these people come in here, and we've known them for a lifetime." (Ed Olsen's got an excellent story on that, that he can tell

better than I can. Anybody that ran the same history that Ed and I did understands this. And somebody, sometime, should get Ed's story on it.)

We'd go to 'em, and tell them of our problems, and say, "Look, can't you keep these people out?"

They told us that it was a difficult thing, but they said, "Look, all you've got to do is to tell us to keep these people out of here, and give us the direction. [If] we've got something that we can show to them—and say, 'Look, I'm sorry, but you're not wanted here. We were told to keep you out.'—we'll do it. But we want one understanding with it—we don't want 'em going out of this place and going across the street to somebody else. If we keep 'em out, everybody's got to keep 'em out." And it was a perfectly fair request right down the line. This was the forerunner of many, many years before the Black Book was thought of, and which finally stood the tests of court. Many lawyers today still think that it was unconstitutional, and the only reason you got it was because of the reputation of the people they were dealing with. I know that it can be handled in that manner today, but it sure couldn't then. But we had no trouble with 'em at all. They gave us no problems in that respect, and made nothing but a perfectly fair request. And in anything else that we ever asked them to do, we got the same type of an answer.

Now, of this original group, Moe Dalitz was the king. He was the Gus Greenbaum of the group. He was a different type of man than Gus. Morris Kleinman, a man who I've known for many years, and still think a lot of, was an investor—but he was a gambler, also. He had a sense for investing his money, getting action on his money. He was a wealthy man in many areas, in real estate, and in many areas of investment, and an old-time pal of Moe's in the early days. Moe originally came

out of Detroit and ran a laundry business—his family ran a laundry business—and I guess what was the forerunner of the Stardust linen operation. He made a lot of money in the laundries. Morris was, of course, from Cleveland, but they were partners when they were young men, in bootlegging in the early days, and then later into gambling and the nightclub business around Ohio, particularly, and in Kentucky, and in Covington, and in that area. I never knew [of] 'em getting associated in Detroit, because I think Detroit was a different group, and it was somebody else's backyard, and they respected it.

But Morris was a businessman, spent a lot of time with the business aspects of it. He was a player, as a gambler, was a player. I don't think he—in fact, he confessed to me not longer than a few months ago that he didn't know the ins and outs of the pit operation of gambling. He hired people like Ruby Kolod, and Cornelius Jones (called "Corny" Jones), people of this type, who, from the time they were youngsters, came up in the gaming, in the pit, as dealers, and right on up. These're the people that ran gambling.

Sammy Tucker, generally called "Sambo," was interested in all of the things that they ran in Cleveland later. I guess Sammy's still in Florida. Sammy was a gambler. He understood the gaming business, never was a pit man, never a pit boss, or anything of that nature. Sammy and Morris Kleinman and Moe knew everybody all over the country, as Beldon did, in his way; they had their following; they had people who stayed by them in everything they did, who came to their place, who knew they got a first-class treatment, who knew they got a square deal in the gaming pits. Like Benny Binion in that respect, they ran a straight gaming operation, 'cause they knew this was the way they made the most money.

And these people—normally, you'd find one or the other of 'em here in those times, If Moe was gone, Morris was here. If both of them were gone, at least Sammy would be here. But they were just kind of overseers of the operation, built up the reputation of the place, knew everybody in the business. Bob Hope knew them in the days that he was a kid in Cleveland. And Bob Hope and Morris Kleinman, for instance, have always been the closest of personal friends. And this built up a clientele—people of this kind built up a clientele for the DI—it was the top place here for many years, and the best run.

The employees stood by them and adored them. They brought many of them from Cleveland; others, they hired when they started here. And I think they had more employees in the Desert Inn that stayed longer—and many of 'em are still there. Of course, time has taken its toll of most of them— but [they] stayed here for all of this period of time, stayed with the operation, and were well treated.

It was a typical gaming operation, what this group would run, as the old Flamingo group was. It wasn't a scientific operation, as Bill Harrah runs in Reno, or the Hughes people ran after they bought the Desert Inn. I know the Hughes people just couldn't understand the operation that they took over. These people ran it with their personality. Each respected the other. Each had his field. I never saw any evidence of any real discord among them.

They would put people in the pit that they knew their business. They were keen judges of human nature. I never knew anybody that was a better judge of human nature than Morris Kleinman or Moe Dalitz. They sensed a phony. They knew the people that they could put their confidence in, and they put 'em in the operation. And the people that ran the

pit, they'd let 'em run it. They might argue with 'em a little, or watch it to see that it was smooth in operation, but they let those people run it. And the food operation, that was up to some of the partners to run. And they knew that the help that they had in there—. In the showroom operation, Pancho, the maitre, just recently retired. He was with 'em for all the time that he was here. He was a fixture. And he knew everybody. Later, they took Andre Simitas from Reno, put him in the Stardust, and he stayed there all the time they were there. They knew how to handle people. And they knew what people they could trust, and let them operate this thing. They didn't have a personnel system, as such, and personnel records, and a personnel office. They had most of this in the back of their heads. And yet it was one of the smoothest operations I've ever seen in my life. It had the same smoothness the old Frontier had.

Norris Kleinman told me once early in the game that this was their model. He said, "If we can get the smoothness that this—or, we can get anywhere near it," he said, "I'll be satisfied." Later he told me, "Remember what I told you? And we've got a better operation than that old Frontier ever was, and," he said, "I didn't think we could do it." It had an air in there from the beginning that you could sense. "In the late hours," as Morris told me once, "everybody in Las Vegas ends up in this joint about three or four o'clock in the morning. This is the last place, and then they stay here." He says, "I don't know why, but they do, and they like it." It was an operation that just had no peer in this respect.

(The Hughes people told me, after they picked it up, they just couldn't understand it. They said they didn't have a personnel office, they didn't have personnel records. From a corporate aspect, they just couldn't understand it. Nobody seemed to be runnin'

the food operation, or the restaurant. There wasn't anybody specifically designated as the head of the restaurant operation, and they just couldn't understand it. And-yet it operated much smoother than it's operated since, although Hughes has put in business principles, and a personnel office, and all of the things that go. But now it has that air about it of an efficient, corporate operation, and it hasn't got the old, friendly, easy, smooth way about it that you could sense.)

I had my problems in the earlier times with Moe Dalitz because he was the kingpin. Moe gave the final answers—whenever there was a—not without a fight. But like Gus, you'd sit down and talk to Moe. I didn't get to know him as well, as quick. He wasn't around the operation as much. And I didn't have the complete feeling of confidence about him that I later developed, and I didn't see him for the the person that he was for many years, I guess. Moe operated in his way as he did in Cleveland. He was generous with his money. Money meant nothing to him in this way. He knew how to put it out so that the bread on the waters came back to him, but it came back in a different way. He supported the community. He never went back on his word. He was not an opinionated man. He was not a man that thought he knew more than everybody else and ran the operation with an iron hand. He was a man that always sat down and talked to you, would listen, and you could see him weighing whatever you gave him. If he disagreed with you, he'd tell you. If he didn't know the answer, he'd tell you that.

I was told, "When you get to know this group, you'll like him better than any of them. Some day, you're going to, because you're going to see the man the way we see him, the way he is." I think I probably got a little prejudiced on him in Charlie Russell's campaign, because Moe was no different

than everybody else but Beldon. They were backin' a winner. And this is a part of their philosophy. Regardless of their personal feelings, they don't back losers. They back winners. And the day of the Thunderbird hearing, I got a call, a long, frantic long-distance call from them, assuring me—I can't remember which one it was—but assuring me that Moe and everybody else was solidly behind Charlie [laughing]. They sensed that Charlie was going to be the winner, and they, all of a sudden, had turned around. This left a little bad taste in my mouth. Morris Kleinman loved Charlie Russell, as I did, and I think Morris always was a little more emotional in his support of Charlie than the rest of them were.

Outside of Morris Kleinman, who I respect—and I respect him for what he is, and know he is, like a few people do—I came around to respecting Moe more and more. The more that I saw of him, all of the time, and up to now. He had a way with people, and a way with dealing with situations that—he's a man that has no equal, in my opinion. He's done more for Las Vegas than any individual or any group of individuals ever has, including Howard Hughes. He's a genuine person, and has a genuine heart. All of these people did. And he loved Las Vegas, loved the community, and anything for the community, he was for, and he was a leader. He was a naturalborn leader of men. I know that the FBI respects him, as I do, maybe in a different way, because they have to do their thing in their own way. But I know that, basically, those that associated with him have the same—they can separate people the same way that I separated them, as I separated Sanford Alder and Bones Remmer on the one side as—you might put a loose categorization—as a phony, for lack of a better word, and the people like Gus Greenbaum and Moe Dalitz, who were

genuine people. Now, the FBI never agreed with 'em, but they have—I know, I've heard—many times have said that Moe Dalitz, in comparison with most of these people they chase around, was a gentleman or the highest order. And they were always on Moe's tail, so to speak, for one thing or another. Moe was an active man, active in investments.

When this YMCA was built down here, Moe Dalitz, by his own personality, and as an individual, was responsible for the building of that place. He just got on the telephone and called all of the other people around, the people he knew had money, and just said, "Come on, boys, get in. Let's build this YMCA." And he built it. And today, the YMCA has another drive going on, and they started remembering the old one, and they've been at it a year, and it's floundering. And, of course, their sights are higher, but they haven't got a Moe Dalitz to take it over, call up the guys, and say, "Come on, boys, get in, and don't come light. Now, chip in, and let's build it."

Anything that was a part of Las Vegas, or a part of the community, they came in, and they came in strong. And Moe didn't come in by himself, but he'd say, "Come on, boys, let's do it."

As with Morris Kleinman—and these are the two that I know the best out of this operation—I never knew either one of 'em to ever lie to me. Like our friend from the state line, Eddie Sahati, they sensed a person that dealt with 'em straight, and didn't pull any punches. They sensed that. And both of 'em had made some damaging admissions to me that maybe they shouldn't've made, and other times, they just wouldn't give you the answer. They'd change the subject, or something else. But I never knew either one of 'em to ever [lie]. I learned more from the two of 'em about the people in the business than I ever

learned from the rest of 'em put together. And I learned to respect them both. Maybe I'm repeating it too much, but it's so typical of this thing—they knew I had my thing to do, and that I had to do it in my own way, and they never interfered with it. Neither one of 'em ever asked me to do anything against my conscience and my standards. Whenever I could help them, I did, if I could do it in my own lights.

I know Morris better than any of them, probably, and have a personal association with him now, and long after I was out of the gambling business, because of our respect for each other, he would tell me, he'd say, "Look, pal, I'd never ask you to do anything wrong, and you *know* I wouldn't ask you to do anything that'd hurt you, or that was wrong." But he'd tell me of a little personal favor, or something that would come up, or he'd sometimes give me information. These people have their own secrets, their own personal dealings. And they admit that they have them, but that's not any of your business, any more than my standards were my business. But we had an understanding and I trusted them implicitly, and still do.

Now, I know that if you listen to the feature writers, and the people who write horror stories, they, particularly, Moe Dalitz gets drug into it because he was big in his field, whether it was Cleveland, or anywhere else. Moe went into the Army, and ran the laundry service for the Army. He, I think, was a colonel in the Army. Showed 'em how to run the laundry business wherever he was stationed. And I've never known anybody in the town that knew him as I knew him, or the old-timers around here, that didn't have a tremendous respect for him. And I think their experience with him was the same as mine. Again, maybe we've just got to go back and say they had class.

They helped build our town. Moe, later on, took over the Stardust, and ran that as a successful operation. That was another group, a group of their associates. The things that had to be integrated together in the operation were integrated, but it was done so smoothly, and so easily, that it wasn't a formal organization. And on the other hand, the Stardust ran to its own clientele, a different clientele, than the Desert Inn, and in a different way. But they had a way of blending these two together that was almost miraculous. They had the people over there running it, people like Al Benedict, who I probably respect as much as any man in the business today, and old associates that they knew they could trust. Many of them are still there—Milton Jaffe, and Al Sachs, who now runs it, was part of the pit operation for many, many years for them. These people who ran the Stardust ran an operation that was associated with the Desert Inn, and, as I've said, just as smooth, up to the time that it was sold.

Moe still comes to town occasionally, and is still doing in other places—along with some associates who are investors and not gamblers at all—but is building other places and he always will be doing this. He's restless. He's got to have action for his money, and he's undoubtedly got lots of it to invest, and he is no longer associated with the gaming business. He and a group built La Costa, out of San Diego, and they built it, typical of any operation that they had anything to do with, first class. They've just built a tremendous community out of it. And whether it's there, or an island somewhere else, whatever he goes into, he'll build up solidly, and spend lots of money on it. But this is his nature, and this is the way he'll go.

I had a call not too long ago from a friend who is in the San Diego area, and

they were worrying about the expansion of La Costa, and the same rumors, “Well, will the hoodlums take over, and will they take us over?” And I think, before I was through, I assured them they hadn’t even taken over Las Vegas, and I didn’t think they were about to do anything but do the same thing in San Diego that they did here. I never, at any time, in the Resort Association, or in any other experience— and I’ve had a rather unique experience—I’ve been on the other side doing my thing, and I’ve been on the same side in the last few years. And they talk very freely around me, and I haven’t had any occasion to change my mind in this period of years, regardless of which side of the fence. They look the same to me, whichever side of the fence that I have been on.

It took me a long time to come around to this, but this is true. They never tried to dominate the association. They had a leadership quality about them. Allard Roen had that. They had a leadership quality about them, in that they took the lead in anything that was of more importance. You could always depend on them. But they never—and I know the people associated with them would verify that—they never tried to take over or to run it. Wilbur Clark stayed in that place [the Desert Inn] until the day of his death, and they respected him as much as anybody else. They let him do his thing. They invested in property around here, and built many things around here. Moe was only a part of the group, the same group that has gone down to La Costa. They did nothin’ but build.

I know that this isn’t a common opinion, and that it isn’t held by the people like the sensation seekers, and the writers, and these people looking for sensational things. And as much good as they did in Las Vegas, you’d occasionally hear the reference, the “Cleveland mob,” or “those gangsters.” I,

frankly, even yet, kind of resent it, because I sensed the unfairness of it, in the way the slur was intended. I don’t deny their background, but these are things that are a part of Las Vegas. You’ve got a different era in Las Vegas now, but it still is a part of Las Vegas as we always knew it.

Now, while I’m on the subject, I’ll discuss another man who’s still in Las Vegas, and is well known, and is a part of the same era, and the same group—I mean, generally speaking— and that’s Carl Cohen, who was in the Sands operation—is, still, in there, now that Hughes has taken over. He ran—in later years—ran the gambling operation of the Sands. He was a pit man, he’d learned gambling from the time he was a kid. He’s one of this group. He was in Cleveland in the early days, and grew up in the gaming business, and was a dealer all the way through. He’s one of the few men that this group misjudged. They knew his abilities as a gambling man, and they knew his personal abilities. But he was, I was told, in the early days; a horse player almost to the point [that] it was a disease, and they thought that he’d never lose it, and for that reason, he might not be the best man [in] charge of a gaming operation, and they passed him up.

Carl worked for Beldon Katleman as a pit boss in the early days of the El Rancho, and then went to the Sands, and virtually took over the—did take over the gaming operation there. [He] was in the Sands when the Sands was operated by the successor to Jackie Freedman, Jack Entratter, who ran the show operation, the entertainment part of it, and Carl ran the gaming operation.

Carl is a man that is respected and almost revered by those that know him in Las Vegas, a big, gentle man, soft spoken, [grew] up knocking around the gaming business, but not the type you’d expect him to be at all. He’s

a self-made intellectual. He reads constantly, all the classics, and all of the things around him—he's interested in the events of the day. He's a well-informed man. You'd never suspect this quiet giant and gentle man of being the man that busted Frank Sinatra, knocked out a few of his front teeth, which is an incident well known to history—and probably Carl may have gotten more fame there than anywhere else, nationally. But you know that he had to be provoked, and provoked far beyond the capacity of any ordinary person to do anything like that. He runs a tremendous gaming operation, and is respected by everybody that has anything to do with it. Carl may—like all the rest of 'em, he came up in the business. He probably knows a lot of the characters in the business, may have been associated with 'em in times gone by. He may have gotten into the Sands operation through his association or knowledge of some of 'em. But he's one of the last of the old-timers left. He still is the top gaming man in Hughes' operation. He doesn't spend a lot of time there. Sometimes people wonder, because he doesn't show up there every day. But I am sure they respect him, as everybody else does, for his ability, and for what he is.

He was the inspiration, so to speak, of an idea I had once. He was my prime candidate for a spot on one of these television interview programs. We don't have to go up as high in the field as Mike Wallace, or David Frost, but of this type, people of this type, who are good interviewers, who are experts at drawing out from the men their backgrounds and their interests. And if this could be done by someone who understands Nevada—. That's where I say it might be David Frost, 'cause he is an understanding man. Somebody with that ability and who understands Nevada, and who knows how to draw them out, to expose them to the public for what they really are, and not

what everybody had read about them, I think this'd be one of the most interesting things that could ever happen. If it could be viewed, particularly in Nevada—because there's a lot of people in Nevada that need some understanding of this—and also [by] those people outside who know a little of Vegas, I know you would get the same wonderment, and the same astonishment when you see it begin to sink in, as you did in those people in the Internal Revenue Bureau, and the senators back there, when they saw Warren Nelson and Sam Boyd stand up and talk to them as gamblers. You could see what kind of men they are, and what kind of human beings they are. I suggested it two or three years ago, and it still would be interesting if—. I think that men like Benny Binion, and Moe Dalitz, and Carl Cohen, and some of these people, I think it's be very difficult to do, because some of 'em kinda have a fear of this. But if they could be drawn out for what they are, people would see 'em as I've tried to describe them here. They would see a different side. I don't mean by that it's all good. They all have their own background, but I think they're part of Las Vegas and its period of growing up, and they're part of Nevada. And I wish that more people could see 'em as I have.

In this light, while we're on this subject of trying to bring these people out to where people can see them as they are, and which I think would be most interesting if handled sympathetically by a skilled interviewer, you have to remember the experience that these people have had with writers, and particularly writers from out of state that come here, looking for the sensational going, through backgrounds (the loose terminology) of hoods and mobsters, generally looking upon Nevada with a—. I can remember this way back when I was a youngster in Reno, when Reno was famous as a divorce capital. Most of these

people come here looking for the sensational, trying to—in my own expression—trying to justify a foregone conclusion. In other words, they know what they're going to do, the sensational aspect they're going to take on it before they come here, and they merely prod and pry into these things, trying to build this up. And they've already made up their mind what the conclusion is. They don't come here really seeking to find out what's behind Las Vegas and what makes it tick, as we who have been around know it, but generally, from the other angle. These people have been mauled and manhandled so long by the sensational writers that they naturally have pulled into their shell and are distrustful of them. They always say people come to see them holding out the olive branch, and assure 'em they come with all of the best, and they're not going to mistreat them, and they're going to write a sympathetic article, but it seldom, if ever, turns out that way. And each time they get burned, they pull into their shell a little farther. And this is understandable.

I, in recent years, have seen people like Jack Starr, associate editor of *Look* magazine, and excellent writer; Fletcher Knebel, a writer of distinction; a man from the *Wall Street Journal* whose name escapes me temporarily. People from the Los Angeles papers are in here constantly. But some of these men, like the ones I've mentioned, I believe have a better attitude than most of the early sensational writers, but it was awful hard to get interviews for them, and convince these people, cause they've been burnt too often. I guess the few people that did talk to 'em probably didn't figure they got as good a deal as they should've gotten from them, because they understand their way and their thing, and it just puzzles 'em to why other people, the squares, can't understand 'em. And it just never comes out the way they think they should.

We've lost too much time already, with those that've passed away on us, or left the scene. It's too bad that it couldn't be done in a sympathetic way. I think people would look at it with amazement, when you could bring out some of the things behind these people, and what makes 'em tick. Maybe it'll never be done, but it's something you can always think about.

And while we're talking about this end of it, I said there's another side to these people that maybe we don't understand, those of us that are squares and probably always will be, because we came up in a different background, and a different viewpoint. I have discussed, for instance, I'm sure, about being upset about the slot machines in the grocery stores and the supermarkets, the keno games that attract the housewives that ought to be home doing something else [instead of] spending the money. This is what I term the seamy side of gaming, and, of course, one that I can never completely adjust to, the so-called morals in this respect. This doesn't bother these people raised in the gaming business. They're not moralists. I'm not going to apply this to them as individuals, but a lot of them have the same attitude that a con man has (and I've had experience with a lot of 'em), that a pigeon (that's a sucker) is somebody that's running around with a lot of money and is going to be plucked somewhere. He's going to lose it, and they just might as well get it, because if they don't get him somebody else will. They can sense this. And they're perfectly willing to get him. The difference between the people that I'm describing as a generality, and con man—as I said, I don't compare them in any other way—is that these people will give the sucker an even break, at least the usual break that they get on the gaming table. They know that the odds are in favor of the house, and they'll gamble with those odds; whereas

the con man runs [on] the old Barnum theory, “Never give a sucker an even break.” And they don’t operate in this respect. But they—this is their game—gambling is their business, and this is the seamy side of it.

As I have expressed myself at other times, it makes me sick to go down to the telegraph office in Las Vegas and see the people that’re hanging around there, wiring for money. These are people who’ve lost money that shouldn’t lose it, but as far as I’ve ever been able to find through the years, the general gambler isn’t really concerned with this, and he doesn’t get bothered with it, as I do. This is, I guess, why maybe I’m square, and they’re not. They’re hardened to this. And I think, basically, this is the difference between the people that I’m describing as the good gamblers, the people that I’ve had good experiences with, and the rest of us that might be categorized as squares.

For instance, they’re not [as] concerned about the poor people, people in the tenements, as I am, I don’t believe. Most of them come up the hard way, themselves, and they think everybody else should be able to do it. And you can’t get them worked up over something of this kind; yet they’re very generous to the people around them. They’re like actors and artists of this type. They’re extremely generous to the people around them. I’ve seen more kind things done by them that are genuine, simply because they don’t have the same concept of money as we do. To them, money is relatively unimportant. They’ve always made it. If they go broke, they can make more. Many of them have expressed that philosophy to me. Money’s nothin’. They’ve made it all their lives, and they can make it again.

I’ve seen Morris Kleinman go into the restaurant for a cup of coffee or something, and be immediately concerned about the girl waiting on them, how one of her kids is that’s in the hospital, or her husband, or something

of that nature, and stuff some bills into her hand. I have seen him in a health club (and he didn’t know that I saw this). He was in his cubicle. There was a new employee there, rubbing him down, a man that they just picked up on the street. I heard him ask the attendant there, “Where’d you get this fellow?”

And he said, “Oh, he just wandered in and needed a job, and,” he said, “I had a chance to use him for a few days.”

The man was hard of hearing. And Morris kept saying things to him, and finally, he said to him, “What’s the matter, pal? Can’t you hear?”

The guy said, “I haven’t got too good a hearing.”

Morris said, “You ought to do something about that. Can’t you get a hearing aid?”

The guy said, “Well, I haven’t got any money. I just never had money enough to get one.”

And Morris took a card, wrote down a name. He says, “You go to that doctor and tell him to give you a hearing aid, and send the bill to me.” It was a man he’d never seen before, but it was of human interest and human sympathy. These kind of things they do lots of. With the people that they see around them daily, I don’t think there’s any group that are more generous with ’em. But to get them interested in the ills of society, or things of that nature, it’s just foreign to ’em.

Another character downtown, not so well known, except by the old-timers, was a man by the name of Dr. Montrose Bernstein. He was a doctor in Los Angeles, and a very wealthy man, had many types of businesses, businesses of all kinds. He was one of those people that just could smell a good investment. He came to Las Vegas early, and he owned some downtown property, quite a lot of it. I think he owned the property across the street and a block below what is now the

Horseshoe Club. And he got into what was originally the Apache Hotel. Then I think it was operated as the El Dorado Club. That's the name that sticks with me. And while he never knew anything directly about gambling, he had his money there. I can't remember whether Doc Bernstein was associated with Nate Mack—again, a person with a lot of money—but he was that type of operator, not directly a gaming man, but a man that could sense a profit and invested his money in the gambling business, and associates with these people. He was a very volatile man. He claimed he had a heart condition, and couldn't get too excited, but I never saw any evidence of that hurting him, because he got excited many times in the times that I was dealing with things he was connected with.

I think he was the main financial backer in the old El Dorado Club. He was having problems with it, and was trying to bring Benny Binion into the operation. And this was at the time when I wasn't seeing eye to eye with anyone that was for licensing Benny. We had lots of problems. He was up in Reno a lot, seeing me, and he was quite persuasive, and he worked hard. He worked on me. Time after time, he'd come around and spend a lot of time with me. Yet he was a man that respected people that dealt with him straight, and I can't ever remember of ever agreeing with him, or going along with him on any of the main projects that he had. But we dealt straight with each other, and didn't pull any punches. I told him what I thought and he knew that I was right in a lot of it, and he wouldn't dispute it. He had a respect for it.

I can remember one time—and I'm sure it was connected with Benny's long record of trying to get a license (he had a lot of people behind him)—in the old governor's office and he'd pace up and down outside the reception room, waiting for the news to come out. I

can remember Alice Maher saying she had to put up with him pacing up and down there, getting more and more nervous, and he said he had a bad heart, and it might be fatal to him if he got too excited. And he couldn't've gotten more excited that he told Alice he guessed the best thing he could do was go out on the front lawn and commit suicide. Then maybe the people'd realize how sincere he was.

Yet he used to come in and talk to me, and this was the first time that I heard the term "square," another definition in the gambler's category. He told me that I was a square, and that they all treated me as a square. I can't really give you a real good definition of it, and again, I think I can sense the meaning of it. But it's a person who isn't a part of their group, [isn't] a part of the operation, isn't smart enough to get into the operation, and I suppose that, basically, he doesn't like it, and doesn't think that this type of operation is something he'd be associated with. They look at [him] and just don't understand what makes him tick, and why he can't see the opportunities that are around him to make a lot of money, and to get into operations where, as the saying goes, you get action from your money and everything that's floating around you. Whether they think you're a reformer, or—well, a reformer isn't a good definition of it, but you're just somebody that they look at from a little bit of a distance, and they're a little respectful of and a little afraid of. But they just don't understand the way he thinks.

I can remember Doc Bernstein talking to me about that. And he told me. He said, "I know what your thinking is, and," he says, "I know what motivates you. I respect." But he always, of course, wished that he could get me to see a little more eye to eye with his investments in these things. He'd be gone periods of time—and I guess, still, to a degree—practicing in Los Angeles. And

finally, he told me—he had numbers of business investments. Finally, he said he had a job that I could do very well in down there. And I, of course, never thought anything more about it. I just passed it off as one of the usual approaches, possibly to get rid of me. But he told me, he said, “You could work for me.” He said, “I respect your motives. You could run a business for me anytime.” And as I say, I didn’t pay any attention to it. Bill Gallagher told me that years later that he did start this business, and the man that he put in it made a lot of money along with Doc Bernstein out of it. I’m sure I wouldn’t’ve, and I had even kind of forgotten about it.

But the unusual thing about it—. I can’t remember what was finally settled out of it, but I know Doc didn’t get things the way he wanted ’em. He kept his investments in Vegas—I haven’t heard of him recently, but kept them for many, many years, until just a few years ago. And until just a few years ago, I used to get a Christmas card from him every year, just as regular as clockwork, a very elaborate one with a little greeting on it, I guess for ten years, after I’d forgotten what he looked like.

He was one of these people, of course, as I say, that had his money here, sensed the opportunity to make money, put it in gaming operations, and let somebody else run the gambling part of it. He was really an investor in anything of this nature. He had a lot to do with the early development of the town, I’m sure. He invested a lot of his money here, left a lot of it here.

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In talking about the bookies, and the wire service, and the problems we had (particularly down here in Las Vegas) with them, I don’t remember now what I covered in the original

discourse on it. I did, I remember, mention the hearing we held down here in Las Vegas in the old federal courtrooms, in which we were investigating the wire service to control bookie licenses to get an interest in the place, and then Bugsy Siegel’s interest in some of the books, and how they were taken over, and so forth.

As a result of that hearing, the Tax Commission issued some rules and regulations [December, 1948] designed to clarify a lot of this, to take the bookie license, the individual betting place, away from the influence of the wire service, and to require them to give service at a published price to anybody that wanted to get it, so that they couldn’t use it as a racket. [Cornelius] “Connie” Hurley had succeeded Moe Sedway as the wire service franchise holder, and did, I’m reminded, file a suit against us, saying that we couldn’t regulate their business to the extent that we did.

We tried to clean out the whole area of bookie licenses. We refused to reissue a lot of them, revoked some, and as I remember, we had Las Vegas pretty clean. And we had either two or three places left on Commercial Row in Reno. Now, in Reno, we didn’t have the same information that we did in Las Vegas. In other words, it wasn’t part of an overall plan; there wasn’t all of the things going on that went on down here. As I remember, the franchise holder in Reno was a man by the name of Frank Cohen, and he operated fairly reasonably—I mean, seemed to operate reasonably. There was no evidence of any racketeering on his part. It was a business, he got the service, he charged for it. Of course, there were fewer places in Reno—but evidently made a pretty good living off of it. Yet, we felt, a lot of us—I felt very strongly—that the way the wire service was tied in to a criminal element nationwide, that we would be much better off if we were out of these

books altogether. [An] awful lot of places kept em as a necessary nuisance, particularly here in Vegas, and so if everybody was out, there wasn't quite the concern about them. But Frank Cohen and three of the places in Reno that were still operating (the O'Keefe brothers were one of them, I remember) also filed a suit against our regulations so they could maintain their license. They just wouldn't move, and we couldn't move them, and revoke 'em, or do away with them as we had in Las Vegas, although we did have them under a lot of restrictions.

One of the ways that we got them, as I remember (and it has existed to this day—in fact, was a issue not too long ago), we required that the place be operated in an entirely separate building from that of a casino. We would not allow them to serve food, or have a restaurant, or bar, or anything else in conjunction with it. It looked pretty restrictive, and maybe it was, but our reason for it was that we found that some of these places had been operating, and maybe they had a coffee shop, or a lunch stand, and that the cashier at the place was taking bets, or she'd take bets over the telephone and leave messages for them, leave them for the next morning. Same way with the bar. They'd make 'em with the bartender. And we were trying to do away with interstate betting (that came to a head later on, in about Kefauver's time). We were running again into a [n] interstate problem, that we were crossing interstate lines. We knew that phone calls were coming in, that they were *laying off* all over the country. At one time there was a brokerage operation here that did practically nothing else. A man by the name of [Edward] Cooke was licensed in the Flamingo, and he just brokered them all over the country, and laid off bets all over the country. He had telephone wires running all over. At about the time Kefauver became

active, we began to see that this would be damaging. They were running ads in the papers, like in Philadelphia, or Chicago, "Call number so-and-so, collect. Book is as near as your telephone. Place a bet where you list this number." They were sending out fliers, direct mail fliers, to people that they knew were bettors, and saying, "Just give us a call—and we'll handle your account." In other words, they were flagrantly waving legal gambling in front of a place where gambling was illegal. And it was irritating.

And so the rules *were* quite harsh. I don't remember whether we made them all at one time, but we made this requirement for a separate place, we made a requirement they had to write out a ticket for every transaction and keep a record of those tickets, that they couldn't take out-of-state telephone bets, that they could only place telephone bets with another licensed bookie within the state of Nevada. In other words, we were trying to keep Nevada from becoming the center of a nationwide operation, and at that time there were thoughts of it, because they would've gladly retreated to a place where they had legal status, like Nevada, and operate a nationwide ring. So we were somewhat arbitrarily trying to put everything in their path to keep it from becoming that, and growing to that extent.

I can't remember what teed off the case with the Reno bookies, but I can remember Bert Goldwater took us to court. He's certainly a capable attorney, I learned. From that day on, he represented us in cases in later years because we knew how good an attorney he was. We had to defend in Judge Guild's court some of these rulings, the reasons for making out a ticket for every slip, and they couldn't take a bet over the telephone, and they couldn't have an eating place in the same place, and things like this, and we, of course,

had to give our reason. And I, of course, know that we didn't have legal reason enough to completely run these people out of business, even though probably, and very frankly, we would like to, for the good of the whole state. I felt, at that particular time, we'd've been better off if we didn't have anybody in here.

I don't remember the outcome of that particular case in Judge Guild's court. I think the attorney general represented us. Judge [George P.] Annand represented us, from the attorney general's office, and I think if my memory serves me correctly, they finally dropped it, providing that we made no further effort, at least, to get their license. They agreed to go along with most of the rulings we made. There may have been something that we might have had to concede. And as I remember, we got to keep the licenses, and they stayed in business, and agreed to abide by most of the rules and regulations. I think we were upheld in the case that they took us to court on in Las Vegas and that we had the authority to do many of these things.

This was just prior to the '49 legislative session. And in the '49 session as I pointed out before, the first major gaming control act came in. We had been—from a control angle—had been operating strictly on Alan Bible's attorney general's opinion. I can remember that in Hurley's suit, they questioned our authority, being given legislative authority to do these things that we were doing. And they all *were*, in that '49 session, ultimately passed by the legislature; all of the questions that were in point were definitely spelled out in this legislative act.

I think that was the year that we got a service regulating wire service fees. (That came up just this year, puzzling some of the present administrators of gaming as to the wording on it, and how it came about.) But we made them file their rates with us, and

uniform rates, for wire service. They had to file their rates, and they couldn't change them without notifying us. Because previously, we found that one place might be paying a hundred and fifty dollars a week for a wire service because they happened to be a friend, or maybe the guy had a little piece of the action, as the saying goes. Another place'd pay three hundred a week, another place'd pay four hundred and fifty a week, and somebody else couldn't get in at all. They were told, "You just can't have it all. We've got too many places," and then given to understand that if "we got a piece of it, why, you might get a license," or, "four or five hundred a week." And it was obviously whatever the traffic would bear. So the legislature did pass that act, making them file their fees with us.

And they put a tax so much per day, to each customer that they had. Again, this was put on to discourage the wire service because we knew the Continental Press has—. Of course, the rumors had flown thick and fast that Bugsy Siegel's unfortunate demise was because he was trying to form a rival wire service. (This was about the time of the shooting incident of Lincoln Fitzgerald in Reno [that] the rumors arose. That was something behind it, but nobody ever ran it down. As I remember, it never was solved, although evidently, somebody was mad at him, mad enough to shoot him.)

We couldn't *prove*—and we had a law definitely licensing the wire service so we could get them within our control. We *knew* that it was bad, hoodlum-ridden, muscle-type operation, and it was a monopoly and it ran outside of the law and it was bad. And we were trying to put everything in its way to keep it in line if we couldn't deny them the right at all, which we would like very much to have done, just to run 'em out altogether at that particular time.

And let's see—Moey Sedway ran the wire service early in the life. He was a little fellow, interesting little guy. He had the reputation of being a tough guy, or a hoodlum, or something. I really don't think he was. He had a minor record that a lot of these people had that came up in the area that he did. He was a very personable little fellow. I can always remember Dud Kline's remark on him, saying what a nice, congenial little guy he was, and he wasn't at all; he would be the toughest one of the whole bunch if he could, if he ever had the real opportunity. I think Moe would've been a pretty good czar of the wire service if he—and he tried to have his way with it. He pulled out of the wire service. Connie Hurley succeeded him. And I think a man by the name of James Dunn succeeded him. (We got into some sort of a suit with Dunn. I was just researching something the other day, and saw the reference, "Dunn vs. Nevada Tax Commission." We did have constant trouble with them.)

I think I've mentioned before, but I want to just go over it in passing, that the wire service was always able to give these races. They would give 'em over the loudspeaker, and they would give them just as you hear 'em now over the television. The service came out so fast, so efficiently, that the books would close down just as the pari-mutuel windows did, two minutes before the race, or whatever it was, and you'd hear the announcer giving the race just as they're called over television now, where they were—at the quarter post, and at the eighth post, or, the half-mile post—and the results, and who came in, and what they paid, and everything else. And yet they were barred from all the tracks. I think this was probably one of the reasons for starting what's called the Thoroughbred Racing Association that polices the tracks very closely, polices the handling of the horses, and the betting,

and the whole business. It's a perfect example of an industry regulating itself. They were barred at all the tracks, but they always got this information out. It was said that they had people across the street from the tracks in a room that was rented that overlooked the track, and watching with a glass, and would watch the race, and report over either the telephone or a shortwave radio, and relay it to a central spot. But the fact remains, it got all over the country, and those races were called just as they were run. And because of its national implications and because of things it was doing to the state, we tried very hard to—. The only thing we succeeded in doing was making it hard on 'em—which I guess we have, to this day—with these rules that were always considered quite arbitrary. But they operated in spite of them.

It wasn't too long after that—I don't know where this comes about in the sequence of events. It was after these suits, and when these rules and regulations had gone into state law regulating wire service. But, again, just about like the zoo places, when you got to a final point in it, it collapsed, it seems to me, about as fast as we realized there was a problem. We suddenly realized there was a problem, and we'd put up with it for many years, and then, as fast as we'd come to the realization of it, it practically disappeared on us.

Frank Cohen always operated a pretty fair service. He kept in contact with us. We never found any evidence of him being a part of these tactics that were being carried on down here [Las Vegas], these muscling tactics. If he was, we certainly found no evidence of it. And he always tried to cooperate with us, and kept in touch with us as well as he could.

The service passed down here, a little later on, to a man by the name of Swanson, who operated it from a United Press ticker, from the regular ticker service. Of course,

this changed the operation. No longer do you hear the races being run. And a lot of people, the old hangers-on, used to love to just stand around and listen, because it was interesting to listen to the wire service report, like on radio, of the race. They don't do that anymore, because the United Press ticker just isn't that fast. And I, frankly, am not familiar now as to how they do handle it, except I know the old ways were no longer possible. Swanson took us through his place, showed us his wires doing United Press at a regular teletype wire. It was a sports service. And he operated it from that. And, of course, the number of places cut down, and issuing to operate aboveboard. I guess there's a Swanson that operates it today in Reno, and I guess it must be a son, or somebody from the same family. I've seen him at games; he looks like the other man that I knew down here.

We never had any trouble with the wire service after that. It did give us a lot of pleasure to rib Bennyhoff with it. I recall that Bennyhoff was the United Press reporter here, and very much of a character. (He would be a subject of an hour or two of stories.) And, of course, he used to needle us tremendously, and at every opportunity. We liked him, and we used to needle each other back and forth. But we *never* let him get off the hook 'cause he needled us about the wire service, and how bad it was, and we never quite let him get off the hook. We reminded him that United Press was now in the gaming business and a part of it. And he never liked it, but there wasn't much [laughing] he could about it.

We ran into some incidents down here. As usual, the gentry that we call the crossroaders, the outside cheaters, they got onto the act. One time, they got into the phone wire behind the building, and tapped it, and, some way or another, *pastposted* 'em, as the saying goes. They got the results over the wire before the

bookies got it, and signaled 'em to where they could get a bet in. I don't know—they interrupted the service, I suppose, long enough to get the results figured and to a confederate, and they ran in and placed a bet in a hurry, and then the results were late to come. They probably called 'em and wanted to know what was happening, and, found out they were taken—I remember they exposed that.

We had another quite interesting case with Davey Stearns, who was a self-confessed bookie at heart. There's something about a person that runs a book. They're different breed. They're like horse players, as Damon Runyon pointed out. They're a different breed, and they're a particular type of gambler, the players are, the people who run the book. They don't want anything else. They love it; they love the background of it. Being a bookie in an off-track booking place, it requires a very astute individual because he has to accept bets at track odds, and the track odds are foolproof. They're pari-mutuel odds, and they're made after the betting is made, and they are so fixed that they pay off in accordance with the way the bets are placed, and nobody can lose on 'em. They take out so much for the state, so much for themselves, and distribute the rest of the pot to three winners. So there's no way they can lose. And the odds are made by the way the people bet at the track. They're created by the bettors, themselves, at the track; the statistics, they make them. But an off-track bookie has to accept bets at the track odds, and his book may not come in anywhere near the same ratio that the track does. And it also was a place for a lot of schemes, skin games, and so forth. A bookie had to protect himself. He had to be a very sharp individual. And he had to balance, what he called "balancing the book" in his head. So he had to take his bets, and to

keep a good business, he had to take most of them, and keep running them.

Well, when he saw that he was getting too heavy on certain horses, he had to do what they call a *layoff*. He'd call and lay off the bet to somebody else who didn't have so many bets on that horse. I don't know whether I'm explaining it intelligently or not, but a horse might be a long shot on the track, and it might be fifty to one, because maybe there was only twenty bets on the horse out of thousands of bets. And that made the odds. That made him a long shot because there wasn't very many people betting on it. But a bookie, if the race was fixed, for instance, or if somebody had a hunch, they could go to an off-track bookie, and he might accept bets so heavy that fifty percent of his action was on this horse that was a long shot. The track could pay off without gettin' hurt, and they'd break him, 'cause he might have fifty percent of his bets on a long shot. They always tried to protect themselves by limiting the amount they could pay. I think it was forty to one on a straight horse. They wouldn't pay the hundred or a hundred and fifty to one, but they would pay the forty to one.

So he has to balance the book in his head, and has to be fast and quick about it, and lay it off so that he can't get hurt, no matter what horse wins the race. That's what he's trying to do. He's trying to put himself in the same position as a pari-mutuel window, so that no matter who wins that race, he's going to have a little left over from the pot in the profit. It's an amazing and intriguing game, and these people just get in their blood.

Davey Stearns told me he and his brother operated a successful flower shop, [and] a furniture store. He'd get back and do a little book. He just said, "It's in my blood. I want to operate it." I can't remember where he came in sequence of this area. He couldn't get the

wire service, and we didn't want to give him a license without the wire service because we knew there'd be some hanky-panky, or some trouble going on. We had quite a long to-do over it. He also had problems with the city of Las Vegas. I think he had some local problems, and he was quite a controversial character. I can remember that he operated a book for awhile by stealing the wire service, tapping in on it from a neighbor that had it. He got a room up over the place that did have the wire service, bored a hole in the floor where he could hear the loudspeaker, and had a man on the telephone quoting it back to his own man on the other end. There was a tremendous hullabaloo about it. But once we got the wire service straightened out, and got them where they couldn't deny service to anybody, I think he finally did get into business, and at least stayed into it for awhile.

Moey Sedway confided to me, after he went back into the Flamingo and operated there for some time as one of the executives of the old Flamingo, that his big desire was just to be able to retire and get a little book somewhere where he could sit back and run his book. There's something about it that gets in the blood, and they just are—are different people.

I can remember not too long ago of hearing this story down at the YMCA, where you hear a lot of tales where dealers are hanging around and talking. One of our prominent citizens, a local banker that gave coffee and doughnuts at his bank, and customers came in, would have a doughnut and coffee, and one thing and another. But it was not too far away from a local booking parlor. And much to his irritation, he was finding out [laughing] that most of the habitues, the old-time customers of the parlor, were coming over to his bank and having coffee and doughnuts, and then going back to the betting parlor, hanging out,

maybe having a post mortem on the races and so forth. They hung out there most of the time.

I can remember another local character, who was an old bookie himself, and who understood them backwards and forwards, and lecturing to him facetiously, and remember him having given quite a lecture, and saying, "Look, you just know. You can't get mad at those poor people at that." He says, "Those people are horse players. And," he said, "they don't spend their money on things like food." He says, "They go out and get that from people like you!" He says, "They spend their money on horses!" [Laughing.] And really, it's true.

Of course, you've got other types. But basically, they're a breed of their own, and it's in their blood. We had many experiences with a lot of 'em, until, as I say, it finally died away gradually.

The last one that I remember was with this agency that I mentioned. A man by the name of [Edward] Cooke had this place in the Flamingo Hotel, and admitted it. I won't say this was the last one, but this was before the final curtain on books. But it was one of the big incidents, and the repercussions of it came long after this type of operation had gone by the boards. He had a table and phones connected all over the country. They'd phone in their layoff bets to him, huge bets and large bets, and then they'd go on, and they, of course, knew everybody all over the coast, and had their numbers, and had a number of telephone lines going, and they'd just phone. A man'd phone in and say, "I want to bet two thousand on so-and-so in the fifth," and then they'd say, "You've got a bet." And then they'd take a look and see how their book was balancing, and they'd turn around and call, and lay off the bet to people, and they charged two percent or five percent, a buck or two, for laying it off.

The operation had me worried at the time. We had Mr. Cooke appear before the Tax Commission to outline his proposed method of business and what he intended to do. And as a stipulation on it, before he was granted a license, we told him to keep his records and make them available for us to audit at any time so that we could see the kind of an operation he had going. We wanted to know that he kept adequate records. The average bookie—I found this out early in the game—only keeps a day ledger, so to speak, cash in and cash out. And he just shows the money that he's taken in and the money that he's paid out on bets, and the difference is his. But no details, no sheets, no nothing. But as it became more sophisticated, they had to have more details.

So, very shortly afterwards, I sent Ed Price, who was our chief auditor at the time, down to make an audit of his operation. And we audited the initial fourteen days of the operation, or twenty-eight days of the operation, or something like that. Price was a good auditor. He made a very comprehensive audit, and explained the records he kept, and everything that went behind it. And two or three years later, a case broke in California, into the courts of California. The Internal Revenue Service [or the] Treasury Department sent an investigator up to talk to us, and it was on people who had been operating in Nevada, that the case was the Golden News Service that was being operated in Los Angeles. It was evidently a huge operation. Cooke, Goldbaum, and Capri were the individuals that were involved, and the individuals that were put on trial for operating this. And the Internal Revenue Service—it was the Internal Revenue Service (the Treasury Department loaned them an attorney and some investigators)—was trying to hold an income tax violation on them. This man came up and investigated our records,

and we still had some of the audit records of that first period, somewhat less than a month. I knew, the minute the man went into the thing, that he had something he was looking for, and I couldn't imagine what it was. He just said, "Will you certify a copy of these records for me if I give you a subpoena for them?"

I said, "Yes."

And he said, "Will you and Mr. Price come down and testify when our trial comes?" He says, "You've helped the United States government very much in this case."

And we did. We got summoned to a trial and to testify.

It took me a long time to unravel what had happened. But the government had gotten records. Somebody that had been keeping books in this Golden News Service had died of a heart attack. And according to the attorney for the defense, he said that the man hadn't stopped breathing until the government agencies were in there and confiscated the books that he had, and all of his records, and took them. Everybody was so excited they'd found—. Possibly, it was a coincidence. But this wasn't the way the defense lawyer made it out. The government swooped in and got these records, found evidence of all this money that had been bet with them, and it went into millions of dollars.

It was the same type of operation that Cooke had operated here for a short while. He didn't last very long here, I guess. I don't remember whether we ran it out, or whether it wasn't lucrative enough, or whether the new laws were too hard on him, but anyway, he'd left and gone into this Golden News Service. And both of these men were also Vegas people, were in business here, in the gaming business, and associated with a gaming enterprise here. And the government had found out the amount of money that they'd

taken in, and they wanted proof of where it went. They used the old government dodge of, "We've got the proof of how much money you took in. Now, you prove how much you paid out."

And they said, "Well, we laid off this. We're just a five percent operation. We admit, and we returned the tax, and we pay on our five percent commission. We didn't keep this money."

Well, the government merely said to them politely, "Well, that's very nice of 'em, and very easy. All you've got to do is to furnish the names of the people you laid off with and give proof that they got the money, and we'll give you credit for it on the books."

Well, of course, they wouldn't do that. This was one person involved in it one time inadvertently remarked to me (how honest they were with each other), he said, "We don't cheat each other in this business. It ain't healthy." And I just don't think they did.

But, of course, they claimed they did not have any records that would show that. They also claimed that they only had certain records that the government was very dissatisfied with.

The crux of our testimony, and the place where we became valuable to 'em, was that this audit showed we had required by the conditions of the license, that they keep these records and keep them available for the Tax Commission. They were now claiming that they never kept records of this kind, that bookies never kept records of the kind the government expected of them, and they didn't have the records of this particular operation, which was interlocked with the same people, and interlocked with the Los Angeles operation. And the government, of course, used our audit and our testimony to show—. The government was sure they had destroyed the records so that they couldn't

get ahold of them, some of the important records— I can't remember the details of it. And that was what they used us for.

I can remember testifying. Price had more testimony than I did, I guess, of the conditions of the license, that the fact that these same people, if they operated in Nevada, told us that these records were available to us at any time, and we knew they were, because we had checked them and required them to keep them. And then, of course, they told the government, according to the government's case, just the opposite story. It was quite a long trial, and an interesting one. They were finally indicted and they were sent up for some—I don't know [the] extent of the sentence.

Two incidents stick out in my mind that just illustrates the nature of the business, and the nature of the people involved in it. Judge Ben Harrison, who tried this, a federal judge, was a very interesting man. He reminds me a lot of Judge Guild. He would be very fair (he was a learned judge), and very outspoken. And he would put up with just about so much nonsense, and then he'd stop it in no uncertain terms. He kept them pretty straight. He was very interesting to us, the way that he operated.

The attorney who had been loaned by the Treasury Department told me a story about Judge Harrison, that he had tried the famous Mickey Cohen trial just previous to this case. (This was a long drawn-out case; we were down there a week, I guess, but a long time. The government had dozens of witnesses.) And the Mickey Cohen trial got to be quite comical—I mean, they used every attorney, used every way they could to drag the trial out. They got into arguments that lawyers sometimes will, between themselves, and tried to stick on technicalities. They tried Judge Harrison's patience to the nth degree. And yet, he was a man, a trained, learned

judge, and you could see he could hold his patience as long as he had to.

So they had in the records a record of Mickey placing a bet with one of the betting places down here in Las Vegas. It happened to be with a man who was president of the Chamber of Commerce here, a very fine man, very nice man. He hadn't given us any trouble as a bookie, or anything else, but he did run a booking place. He'd been very cooperative with us through all his investigation. But Mickey had placed a phone call there, so they immediately made some connection that this was an extraneous event. When they called the man up, he just said, "Well, sure, he placed a bet. He likes to bet over the telephone." And this kind of exploded the theory that this was tied to a Las Vegas syndicate, or something, and I think it was true, and the man even had the records of the races he bet on.

But he also had some calls that were made to a very notorious gangster in New York, frequent telephone calls between them. The prosecution wanted to know what was behind all of this, "Why are you calling this New York gangster all this time if there isn't some connection between the two of you?"

And Mickey said, I guess, in his own inimitable way, that, "Well," he says, "you see, your honor, it's a long story. And I don't know whether you'd like it or not."

Well, the prosecution insisted that he tell it, and Judge Harrison told him to go ahead and tell it, so Mickey started telling 'em a long story, punctuated in his own slang, about how this big shot from New York and visited this guy, and the guy had shown him the town, he'd taken him to the nightclubs, he'd run the red carpet out for him. "So," he said, "when the guy comes to Los Angeles, I gotta do the same thing for him, Judge." He says, "The man's treated me real nice. I don't know. You say he's a big gangster. I just know

he's a real nice fellow, got lots of money, and he entertains me. But," he says, "I gotta do the same thing for him. So, he comes back here, and I keep him in my house. I take him into all of the night spots." He says, "I roll out the red carpet for him, just the same as he did for me. And so when the guy gets ready to leave, I says, 'What else can I do for you? If there's anything—you treated me royally. If there's anything that I can do for you, I'll do it. Just name it, and it's yours.' "

"He said, 'Well, Mickey, I hate to tell you this, but you know, that dog of yours—'" He had a mastiff—I don't know what—this pet dog. He said, "Judge, I thinks the world of this dog. It's like askin' for me own kid! But," he says, "the guy said, 'Mickey, I'd like awful well to have that dog.' "

And he said, "What can I do, Judge? I gives him da dog. It breaks my heart, but I gives him da dog. And," he says, "he takes the dog back, and pretty soon I get telephone calls back from him, that the dog misses me, and he won't eat. So," he says, "he calls me, and says, 'Mickey, what'll I do? The dog is starving himself.' He says, 'I guess he's lonesome for you. I'd like to keep him, but,' he said, 'I don't want him to starve.' "

"Well," he says, "I said, 'Put the dog on the phone, and he'll recognize my voice.' So he got the dog on the phone, and I talked to the dog, and the dog recognized my voice, and he'd eat. So," he says, "every night, the guy would call me up, ask me, kindly speak to the dog so that the dog would calm down, and then after he heard my voice, he would eat. And," he says, "Your Honor, that's all there was to those telephone calls goin' back and forth every night at the same time." [laughing]

I can remember the attorney saying, and I just could see it, knowing old Judge Harrison, and admiring him as he did, that ol' Judge

Harrison when they got to the punch line, pretty near reared up out of his seat and straight up into the air. And he came down with a yell, and he started to roar, and he says, "I've had everything in the world in this case to try my patience. But," he says, "now you bring up talking dogs, and this is the last straw!" He says [laughing], "You're going to get away from this. You're going to excuse the witness, and you're going to have this trial done in two days! I'm not going to put up with any more!"

Of course, Mickey went to jail, and the people involved in this case went to jail. And I was told afterwards—I don't know how true it was—that the only testimony that held up was the testimony verified by the records we had in this old operation the Flamingo Hotel.

But to illustrate again how these people think and operate, it wasn't too long after that—I don't know when it was, sometime after that, I guess, a year or so later, maybe—I happened to be down in Las Vegas. I met an attorney friend of mine down here, a very dear friend of mine, and he happened to be attorney for some of these people. We went out and had a drink at the Flamingo, and some of these people came up and he introduced me to'em. I caught a name that sounded a little familiar to me, but I hadn't put it that close (I knew it was the same name as one of the defendants in this case that was going to jail), and everybody was quite friendly, and talking to me.

So finally, they said to me, "Well, we're going out. We're going to see a show and have a little party. Wouldn't you like to go along? We'd be happy to have you come along to see the show. We're celebratin' the kid's last night."

And even then, it didn't dawn on me, and I said, "Well, thank you. I would prefer to go home, go to bed."

The kid himself, that was introduced to me, he was very cordial. He said, "Aw, come on along with us."

I asked the attorney afterward. He said, "Well, he's going to jail tomorrow. He's goin' to jail for the case that you testified against him on." And he's serving a year, or two for this thing.

And I said, "Well, it was darn nice of 'em. They sure didn't hold any hard feelings [laughing] if they invited me to go out on a— [laughing] a—after testifying against him, at least providing some of the testimony that sent him to jail." He invited me to go out to a party, celebrating his last night of freedom until he got off.

So it illustrated that a lot of these people don't hold grudges. They know that those of us that were working on the other side of the fence were doing what we had to do, and they were doin' what they had to do. There wasn't any hard feelings if you caught 'em. [Laughing.] It was all part of the game.

THE THUNDERBIRD CASE

We'll go into the Thunderbird [case] as best I can remember it. We might start with the early days of the Thunderbird. The Thunderbird was put together by Marion Hicks, and Cliff Jones was a partner and licensed in the operation. Through the early years, some of the other gaming figures, I believe, had interests in it and dropped them. I believe "Tutor" Scherer, and Jake Kozloff, some of those were in and out of the operation. I believe it ended up primarily with—Marion Hicks ran it; Cliff Jones, of course, was I would say, the number two partner, and gave them legal advice as an attorney. A man by the name of Harry Badger had some money in it. William Deer, who was ostensibly a credit manager, [and] some other individuals that weren't completely active. There always had been a feeling that there was Lansky money in the Thunderbird.

A lot of the things that happened were pretty well known to the local group, particularly the local gamblers. Sometimes I think they jumped to conclusions, but they knew pretty well what was going on. Gaming

has never changed in that respect, except in relative importance of the people in it. I think nowadays there are very few undisclosed interests. In those days, there were many. People who knew they couldn't be licensed, but who wanted some action, wanted—as the saying goes—wanted to get some action on their money. But the Thunderbird was well-run. It gave no particular trouble that I can remember of. They were cooperative, and Marion Hicks was cooperative. And anything that we wanted to know—. Marion was a rather straightforward guy. He'd been an automobile dealer, I believe, in the Midwest. I don't know where his gaming association started, but I do remember that portion of it. But nevertheless, there was a strong feeling that there was some outside money in there.

There was a man by the name of George Sadlo, who had been exposed to gaming all over the country, who was well known as a gambler in illegal states, and had grown up with the gambling business, seemed to know the law. And he hung around the casino constantly. The general feeling of the local

people was that Sadlo represented Meyer Lansky, who, of course, was a notorious syndicate man, and a notorious gangster, if that is the proper title to put to them. He was ranked with Frank Costello, and "Longie" Zwillman, and the Al Capone type, Bugsy Siegel. His brother, Jake, was, in my opinion, the contact man. He had a rather nice personality, didn't become too deeply involved in anything, and that followed a general pattern. He was the front man for the group, and didn't become involved, but he was well known; he handled business for Meyer.

Jake Lansky did appear at the Thunderbird at times, although that wasn't so unusual. He was seen at some of the other places as a customer. But it was a situation no different than many others. We could do nothing about it. Nothing happened to give the place any notoriety, and it was no different than many other situations that we knew or suspicioned existed in Las Vegas at that time.

Marion Hicks at one time sent for me through Keith Campbell, who at that time was working for me, said he wanted to talk to me. I went there, and he just greeted me casually, and said, "How about comin' over to the bar and havin' a drink? I just wanted to talk to you generally." So I did, and I sat there and talked to him. And he mentioned the fact that Sadlo was in the place a lot. "Now," he said, "I want to tell you about this." He said, "When the place opened, I used my own money. I didn't have anybody else's money in here, but Sadlo came to me, and," he said, "he knows gaming. He's one of the best gaming men and pit men in the country. And," he says, "I was glad he's a friend of mine, and I was glad to have him around, and," he said, "he came around and said, 'Well, how's your bankroll?'"

"And I said, 'Well, I got enough bankroll, seems pretty good.

"He said, 'Do you want me to help you?'"

"And I said, 'Yes, I would like you to stick around, particularly when the place is opening, and help me.'"

"And he went into the cage, and said he came back, and said, 'You haven't got enough money to have a real good bankroll. Let me loan you some.' He said, 'Well, you better take some more money. I'll just loan it to you. You can pay it back when you want. You can pay me interest on it, anything you want. But you'd better have it.'"

"So," he said, "I took it. And," he said, "he has got it in there—or, he did. He loaned it to me. He said I can pay it back any time. The amount is not large. I can pay it back. But," he said, "I like to have him around the place. He said he likes it here in Vegas. He's a good gambler. But it you think that it's wrong, or anything," he said, "tell me about it."

Well, we had no particular interest in the thing at that time. There was no issue involved. The place was running quietly and easily, and I said, "Well, that's interesting, and you'll have to treat that however you want to, but I don't see anything startling in it," or some remark to that effect. Of course, now, this was the way that Marion laid it out. He told me, he said, "This Sadlo's a good man, good gambler. That's the way it is."

So I promptly forgot about it, as I was rudely reminded later. It just completely slipped my mind. This was only one of hundreds of conversations of this kind that I had. I did file the information back in my mind on most of 'em, but I generally kept 'em in my own mind, probably in order of relative importance.

Sometime later, when George Franklin was chairman of the board of county commissioners (George was getting quite active in some of the local issues) I was down here on some budget matters, talking to them, and George told me that the condition of the

Thunderbird was quite bad in his opinion, and he just wished there was something that we could do about it (or something to that effect). He said, "I'm going to have Marion Hicks up here and explain Sadlo's relationship there and what this all means." I don't remember at the time whether the name of Lansky came into it at all. But he said, "I'm going to have Marion come in and testify, and," he says, "I wish you'd just sit here and listen." He said, "You add a little more weight to it, and, I wish you'd just sit and listen to the thing."

So I said, "All right, I will."

I was a little early in the game, or I hadn't completely been indoctrinated to the fact that lots of times there was a reason for having me in a place like that. I was being used in some way, not necessarily for anything that was bad. But there was generally a reason for it.

I sat there, and Marion came in, and the meeting was very soft, and carried on a very low key manner. Marion was a quiet man, and talked in a low voice, and asked a few questions, and I could see absolutely nothing to the meeting that had been added, or that had been found out, or anything else. The tenor of the conversation was pretty much the same as Marion had indicated to me. I could see, really no particular point, except that I thought maybe George had some reason of his own, as a matter of record, for wanting the man to come up there. And again, I dismissed it as one of many of these type things that I attended, and gave it no more thought.

I can't place this in time, but it was what I would term early in the game. I had many other things on my mind. Things went on—I don't know—for a year, or two years, or however, could've been three years. And nothin' more said about it, and it just passed on as one of many incidences of this kind.

When Charlie Russell filed for office, for reelection, we, of course, were interested in

Charlie. We thought a lot of him, and we knew he was definitely the underdog in the election. Governor Pittman was running against him. Charlie had a number of strikes on him at that time. He'd made lots of enemies, and even those of us that were in his administration and some of his best friends had little hope for him being reelected. The word that we kept getting from the betting odds, and everything else, that he was way, way down. I didn't—whether anybody believes it or not—I never got active in partisan politics and political things of this kind. I just didn't think we belonged in them, in the Tax Commission and in the regulation of gaming. And I always stayed strictly away from the precinct meetings, from the campaign meetings, from the sessions, although I was loyal to the people that I worked for, the governor that I worked for, and I liked them all. But I also felt that a lot of Charlie's problems were things that had developed in the area I was working in, in the gaming area; and the enemies that he'd made, and the reason they wanted to oust him, was because of the things that we had done in gambling and the stands that we'd taken, and made a lot of enemies. (This'll be covered more in just talking about Charlie.) I don't think there was, probably, in my memory, a governor that was lower down in the betting, unless it was Balzar's famous election over Jim Scrugham.

The position here in Las Vegas as to newspapers hasn't changed too much, except in probably a manner of intensity or degree, in the time I've known Las Vegas. It, I believe, was particularly bad at that time, at least bad in what I'm about to explain, in that the two newspapers took contrary views, and as the saying used to go—you still hear it—"If one says that anything's black, the other one feels duty bound to say it's white." They were definitely polarized. Hank Greenspun, of

course, was a very positive character, and his operation and his feelings are well known. He's never made a secret of 'em, and he was, I'm sure, controversial, like many other people in the public eye. But that was the situation. The *Las Vegas Review-Journal* was definitely a Pittman supporter, and Greenspun had never expressed himself. We knew that Hank was not strong for Charlie—at least, a lot of us had that impression. But he never had declared himself, and said very frankly that he wasn't going to. I suppose he even made that evident through his newspaper columns, although I don't specifically remember that, that he hadn't made up his mind who he was going to support, or where he was going to go. We thought maybe he was just hanging to be sure of how things were lined up.

And we were getting down, oh, to a month or two before the election. Things were pretty hot. The word that heard down here [was] that Pittman was favored to win by 25,000 votes, and that they would give even money on that, and that they would give odds that Pittman would win by 10,000, which in those days, was a fair margin. Pittman was waging an aggressive campaign. He had a lot of the Democratic party behind him, and he had a good party organization, and these were things that just had to be accepted. Of course, Russell's supporters were doing the best that they could, but this was the way things looked.

One day, I was in my office, and I got a call from Charlie, and he said, "Bob, get down here quick, as fast as you can. I'm here with Paul McDermott, and we'll meet you. Can you make the plane tonight?" This again was one of those places where I had about enough notice to grab a shirt on the fly and catch onto the tailgate of the plane. He said, "The most amazing things are going on. And," he said, "I want you to hear 'em. You just won't believe them." That was about all that he said.

Charlie was a very calm, phlegmatic person, and I knew that to stir him up that much that probably something was developing.

So I came down. Paul and Charlie met me at the plane, said, "We're going to take you to Hank Greenspun's house." So we went to Hank's house (it was on Sweeney, as I remember, then). I went in, and I saw Hank and a man who was a perfect stranger laying on the floor, listening to a tape recorder, to a voice, and very intent in listening to it. I can't recall other than Paul McDermott, Charlie, myself, Hank, and this man. I think that was about all that was there.

They had told me a little on the way out. They said, "There's been some recordings taken, and they're amazing. It's too long a story to tell you about, so you just go and listen. We want you to hear 'em, and it's just almost unbelievable, what seems to be going on!"

They introduced me to the man on the floor, who I noticed was talking in a foreign accent, a quite heavy accent, and I shook hands with him. I don't know that even the name impressed me at the time. And he said, "We want you to hear this."

So I got down on the floor with them, and they ran the tape back, and they started playing it. And he said, "This is a tape on Louis Wiener. And this man, here, is Pierre La Fitte, and he's an undercover man, and he has worked on an amazing series of tapes." He had, I think they said, fourteen of 'em. "And we're going to break this town loose" (or something to that effect) "because there's a lot of things goin' on. But," he said, "this one affects you. It affects the administration. And we'll let you listen to some of the rest of 'em later on. They'll probably go to the grand jury, but this one is important to you, and it's important to Charlie, and it affects your gaming administration, and you should know it."

So I did. I listened to the tape that's now well known and mentioned in *The Green Felt Jungle*—Wiener's story of the political campaign, how Pittman was going to be elected. Russell had absolutely no chance at all. He said, "If Charlie could get elected, I'm a monkey's uncle." He said, "He just has absolutely no chance. This is ridiculous."

Well, this was quite the general feeling. In fact, I think everybody but Charlie believed that, and I'm not sure how much Charlie—. Charlie didn't say what he believed, but he never gave any indication, never showed any discouragement, or anything else.

And the tape went on. It was—obviously this was a heavy French voice. It was the voice of the man that was sitting there listening and occasionally making a remark. And I noticed occasionally he would translate something. They'd say, "Well, what did you say?" and he'd tell what he said. It went on to how Pittman was going to be elected, and that, of course, Cliff Jones was then lieutenant governor, and that Cliff was a national committeeman, and that they had things all planned, and that the first thing, the very first person to go, when Pittman got elected, would be me, because I was the first one they had to get rid of, and then they were going to have their own people in there, and they'd straighten things out from there. Of course, it was a rather boastful recording, by the way he was evidently and obviously trying to impress the man. I didn't know anything at that time of the background other than that. He made the famous remark about me, that I was—at that time, at least—an unprintable name. And Louis said, "Oh, absolutely! He's the worst! But don't worry about him. He'll be gone."

So the conversation went on, and he was, again, going on and obviously trying to impress him. And he said, "This man is nothing but trouble," or something to that

effect. "He'd made trouble for us, and," he said, "they're always trying to stir something up, but," he said, "these things go on." He said, "Don't you—everybody knows—including the Tax Commission, and everybody else—don't you think they know that Meyer is in the Thunderbird, and that Doc is in the Sands?" (Referring to "Doc" Stacher, which is another story.) "But," he says, "they can't do anything about it, and they're not going to be able to do anything about it." He said, "They're just going to have to be changed, that whole group. Cahill and his group are going to have to go. And then we'll have things pretty much our own way, " or something to that effect.

They shut the recorder off, as I remember, played it over again, and the man I now knew as Pierre La Fitte would point out some things that went on in the record. Greenspun essentially said, "Now that I found out that all of these things are goin' on" (and there's thirteen more records, as I remember) "it just showed that this was a whole organization, and they're organized, and this first thing is to elect Pittman. I had been undecided as to who I was going to support for governor," he said, "as you well know." In fact, I think he candidly admitted—Hank was—and is still—not a person to bandy words. He'll tell you generally what he thinks. "But," he said, "this is a bad situation. Now, what are you going to do about it? You've got two members of the Tax Commission here, you've got your administrative head. Now, what do you intend to do about it? Are you going to take some action on it and pursue it? Or are you going to let it drop? In which case I'll have to take it up. Now," he said, "I can't take this up at this point merely on the evidence that's there. But," he said, "if you take official notice of it in the Tax Commission, then I will not be guilty of any kind of libel." He said, "You, as this is part of your business. It's something you should

know. You've heard this admission. Now, you should go into it. But," he said, "the minute that you go into it—now, I can expose the whole thing without any fear of libel because it has been brought forth as a public issue in a public board, and now I can discuss it freely. And I will." He said, "You don't know half the things that are going on here. And so," he said, "now, I want to know what you're going to do about it."

And as I remember, Charlie did what he always did in circumstances of this kind, said, "I'll think about it."

We talked it over afterwards, and we, of course, had to then. I said, "Well, we've got to go back and talk to our attorney (Bud Loomis was our attorney), and let's find out where we stand."

But we could see, obviously—I don't believe Hank made any bones of this—I can't recollect the exact conversation, but, "If you don't do anything about it, I'll take after both sides. And I'll expose both sides of this thing, and let's see where it goes. But," he said, "I haven't much choice." He says, "I know that Charlie has honest intentions, and," he said, "I have nothing against him." He said, "In the face of what I've got here, I can't support Pittman. And," he said, "if you take positive action and show that you're going to do something about this, I can probably support Charlie. If you can't, I'll just have to take after both of you."

Well, this was the position we were in: *Now*, do we make an issue of this thing and bring it out? Or do we leave ourselves in a position of having a publisher like Greenspun say, "These matters were called to your attention, and you did nothing about 'em?"

Charlie was not enthusiastic about it. He wasn't that kind of man. He didn't like to make personal issues. He didn't want to get into an involved campaign, or a personal issue

campaign, or anything of this kind. This just wasn't his nature. I don't know whether he would agree to what I think was a fact—I'm not even sure that in his own mind that he hadn't pretty much resolved that he was going to lose it, but that he was going to go down fighting—and might be somewhat relieved, because he had gone through a very hectic time, might be somewhat relieved if he didn't have to worry about it anymore. Now, that's my opinion.

Anyway, he didn't like it at all. Neither did we. We didn't want to get involved into something like this, but we couldn't see we had much choice. It was a question of the fact we were going to be in notoriety and in a lot of trouble either way we went. In other words, we were going to have a controversial issue in front of us, or we were going to be the subject of a campaign of attack that said these things were called to their attention and we did nothing about it.

So finally, we talked it over with Bud Loomis. I learned many things afterwards. I learned much more about Pierre La Fitte the next day, and learned more about the series of tapes and things that went on. But we talked it over and made a decision that we didn't want to be in the position of being accused of ignoring anything and refusing to act on anything. Things like this can be made a political issue either way. But we *would* issue a citation to appear before the Tax Commission and discuss these things, and bring out what we had, that we had this evidence, and that we wanted it discussed, which would have opened the issue and given indications that we intended to do something about it.

Now, I know that this is hard to believe, particularly on the part of anyone who didn't know Charlie Russell as I knew him, or Paul McDermott, and some of the other people, but we didn't feel that we wanted it to become

that kind of a political issue. And it was really the mildest and the only action we could take. In other words, we didn't leave ourselves open to Greenspun. We *did* indicate we were going to do something about it, but we didn't want to make it a vicious political issue, so we scheduled the meeting for after election.

Now, I suppose it has been, or could be, pointed out, or a supposition could be taken by people on the other side, that we had opened the issue, and then could use it as innuendo, or anything else, and had deliberately not scheduled it 'til after election as a political move. Well, it was a political move to the extent that we didn't want it to become that involved. I think at the time the decision was made, it took a long time to get to the root of the whole thing, as it was later exposed. So this was the decision we made and we did this.

Greenspun prepared his articles. And then we found there were, I believe, fourteen tapes. They were to be turned over to the grand jury, and they were. And they had been very carefully prepared. There was a suspicion that there was kind of a concerted action, and a lot of things going on, and Greenspun felt that it should be cleaned up. He was a crusading newspaperman, and I think, probably, that was his motive.

Where Pierre La Fitte came from, I don't know, but I assume that Ed Reid or Greenspun (Ed Reid was working for Greenspun as a reporter) had dug him up somewhere. But he was presented to us as probably the greatest undercover man in the country, that he had smashed many rings, and was a fabulous and fantastic person. He worked for the FBI, the narcotics division. He had smashed an art theft case, a ring of thieves that had stolen some valuable paintings in Chicago. And he was a character that all but belonged in one of Agatha Christie's novels, according to the

way it was put up to us at the time, at least. He operated in disguises. He had contacts with all of the highest bosses in the hoodlum area. He was, actually, an undercover man and worked for law enforcement agencies. We were told that he was very high priced, he did things his own way, and that he could just straighten things out. He would talk to me in his French accent early, and he said, "I can expose everything that's goin' on in this state. I'm the only man that can, but I can do these things. I can expose everything that goes on." He said, "I can make you the greatest man in the nation. I can make you governor." He said, "You can expose all these things." He talked very rapidly and very persuasively, and indicated that he could do the same job for me that he did here. He said, "Wait until you see the job that I've done here."

And I was learning this as things were developing. I was told that he was available to us as an undercover man. And by this time, I had a fund that still exists, a \$15,000-a-year undercover fund, that we could spend without being subject to the usual proof of state travel, and requiring receipts, and so forth, because a lot of these things couldn't be done unless you could have this kind of money. Of course, [it] was a pitifully small amount for big jobs, and, as I found out later, it was a pitifully small amount for the way Pierre La Fitte operated. But nevertheless, I was told gradually about all of these things that were going on.

So Greenspun prepared this thing, said he had all these tapes, and he was going to prepare a smashing expose of everything that went on. Now, there were many other people that were the subjects of records. There were at least a couple of county commissioners. Cliff Jones was never put on a record that I ever heard. There was a man who was a political ward man, typical of political ward operators that operated and supported Cliff and did a lot

of the leg work on his campaigns, and he used to be categorized down here as a Cliff Jones man. I listened to that. They put a tape on in which he was bragging about the very same thing that Louis did on the record—in other words, was bragging about the organization they had, how they were going to take over the state, they were going to have things their own way. As Louis said in his tape, “Cliff does the politicking, and I do the legal work.” The guy’s name was Dick Sherwood. But it was a bragging recount of all the things. It brought Roxie’s into it. It brought in Glen Jones, the sheriff, and a long account of everything that was going on. I heard this record, and of course, Louis’s record. I don’t recall of hearing—and I’m sure I didn’t hear—most of the others. I heard none of the men were then county commissioners—I heard *about* them—that they were on these tapes, and various things. Evidently, they tied together to some degree in some instances. There was a story of the county commissioner that had taken a television set, and somebody else had taken a radium detector outfit, something of this nature. I heard that it penetrated pretty deeply. But I think the only two tapes I ever really listened to were those.

Now, these tapes were taken, as I was told, with the knowledge of the district attorney’s office. There was a deputy district attorney in the closet, along with Ed Reid, who was a reporter for Hank Greenspun, and who evidently had conceived a lot of this. Ed, of course, is the man that later wrote *The Green Felt Jungle*. It was done legally, properly. It could be used in evidence that this was the most fabulous man in the country that had taken this thing; he knew how to take tapes.

Well, now, this was pointed out to me, but I also could observe. The man was an expert at things of this nature. He was an expert at establishing the tape and the time. For

instance, he would get them in conversation in his rapid, what I call pidgin French-English, with a kind of an accent, and sometimes, when he got excited, very hard to understand. He would be in this conversation, and finally, he’d say, “Gee whiz. What time is it? My watch look like it stop. What time you got?”

And the man’d say, “Eight-thirty,” which fixed the time.

A little while later in the conversation he’d say, “What day is this? Tuesday? No. What day is it?”

The man’d say, “This is Wednesday.”

All right, now, we’ve got the time and the date fixed.

He might, even then, or later, say, “This is the twentyfirst? Twenty-second?”

The man’d say, “This is the twenty-second.”

“Twenty-second of September, huh?”

“Yeah.”

He did it so smoothly and so easily, but when you went back, you had the man’s own admission that it was, say, September twenty-second, Wednesday, September twenty-second, at eight-thirty p.m. And he’d done it smoothly and easily. He had some experience in this. He knew how to lead them without making it too obvious. He knew how to steer the conversation into channels he wanted it steered in.

I found out that he operated—and I later found out a lot more about this—in a very grand manner. He wanted an expense account, and he would account to no one for it. He said, “I’ve got to spend money. I’ve got to spend big money. This is the only way I get these things. I can’t get to these big guys, these big fellows, unless I spend money like they do.”

Now, somebody had obviously financed him in this. (I’ll always believe it was Beldon Katleman.) He’d set himself up in one of those luxurious suites, cabin suites, in the El

Rancho, and there were some luxuries. He had made a[n] exhibition of the money that he threw around, spent it like water, always had champagne, caviar—anything that they wanted. He exhibited a big roll of money. And he was passing himself off as am] underworld character—and I don't think there's any question of this—to these people, and that he was coming into Las Vegas with a great amount of money. He could paint it in such a way that money was no object. He would really put an organization together in this town that was like something you'd never seen before. He'd buy a newspaper. He said, "We'll buy our own newspaper. We'll buy the *Sun*."

I think this was the bait that really pulled in these people that had been fighting the *Sun*. The *Sun* had been such a thorn in their side that this was really the real juicy piece of the bait, that here's a man that would buy the *Sun* and get rid of Hank Greenspun. Hank had caused a lot of trouble for a lot of people, and has never stopped that habit. In my opinion, that was the bait that really suckered them out.

He says, "We'll start a bank here. I'll bring a bank in."

And Louis said, "Well, you don't have to worry about that. We've already got a bank that's going to come in."

But anyway, all of these things he'd do, "no problem," "no trouble"—"I want a big joint, I'm going to operate a big joint. I'm going to get big operators, and we'll get this thing together. We'll really make some money. I cut you in on it," things of this nature. He could talk big. He did pose, and pass himself off, for a big guy that was going to come over here and really set up an operation, but there was going to be a lot of money involved in it.

Louis, I'm sure, smelled a good client. I don't know that there was anything more than that in the thing. He obviously was bragging

about what they had set up to impress him, and the same thing with Dick Sherwood, or whatever—I guess that was his name. He was bragging, and telling, and undoubtedly exaggerating in spots, as you might expect him to do.

I remember, at the time, feeling a little uneasy because I knew they were going to bring Cliff Jones into this, and as far as I knew, [he] had never been seen—. They had no tape on Jones, himself. Cliff was, I *don't* believe, just about to be brought into anything, or suckered into anything of that kind. They did have all of this stuff that Sherwood told 'em, and Sherwood did give things that I suppose could be given as testimony. There were things that were told direct to him—at least, he said they were—by Jones, and other things. But nevertheless, there was not a tape, that I ever heard, on Cliff Jones, and I never knew of one.

I was told that this man was available to work for us under this undercover basis, and he said, "I'll expose all of these people. I'll bring you information that nobody else in this country would ever have, and you can use it." He said, "I'll bring you evidence. I'll bring you things that's goin' on, and I bring it."

I said, "Pierre, you recognize we're going to have to have proof. We're operating in a legal industry."

"I'll bring you proof. I bring you proof," in his usual flamboyant way.

So he told me he would go down to Los Angeles and start working on some undercover things if I would pay his expenses. And I said, "Well, now, you understand, I'm limited in what I can pay you."

He said, "No. I can't operate that way. I'm not—."

I said, "Well, I'm limited in what I can give you, and I'm going to have to give you an overall limit. Now, when you get that far,

come back and check with me. Let's find out whether I can do any more."

I can't remember the first deal that we fixed. It may have been a thousand dollars, which was a lot of money to me at that time, and he went and spent that in an evening. But anyway, I gave him a general limit, and I said, "Now, come back and report this."

I sensed that there was a little more behind it than this, that we had to keep him occupied on our side for awhile, until we got to the bottom of this Thunderbird thing. But that was only—as I say, I *sensed* this, that this was no time to let him go. And if I just said, "Look, we'll have nothing more to do with you, forget it," we might be in a bad way with the case, because this was the man that was the key to it. And we did have a portent of a lot of things that might be going on.

We sent a notice to Hicks to appear to a show cause order, and in the Tax Commission meeting that authorized this order, I pointed out that we had certain facts alleging that there were unsavory interests in the place. I don't remember whether we said Lansky or not—. I guess maybe we may have—and that we were going to have to get to the bottom of these things, and we're going to call this hearing for that purpose.

I think what happened after that (of course, a lot of this is pieced together afterwards) we got a long, indignant wire from Marion Hicks, stating that if we had any evidence, he wanted it brought out now, quickly, and for us to call the meeting [as] quickly as possible, no later than—it was obviously before election, and let's bring this issue out. It was a very indignant, long wire.

I found out later that Marion was in one of those sojourns that were common and well known to practically everybody in Las Vegas. Marion didn't drink around the place, tended to business, but he did go off on binges. He'd

go down to Palm Springs. And his loyal man who drove him and looked after him, would take him down and stay with him 'til he sobered up, and then he'd come back.

We found that very obviously, Cliff Jones had written the wire, and it was a result of a council of war with the people involved, and that they thought that this was the way to handle it politically, that we'd better bring it out, and they'd better go back on the offense before election. And we, of course, had no choice. He demanded it immediately; it was a very indignant letter.

Now, Greenspun had come out with these sensational issues. I think there was three or four of 'em. But he really blew the lid. And he gave a long history of all the tapes. He gave his own opinion on it, and he just—. Characteristic. He didn't pull any punches. He threw everything but the kitchen stove at 'em. "Really," he said, "I have nothing against Pittman. Pittman is not connected in this, except by hearsay. But," he said, "Jones is. Jones is involved, and, 'he's a part of Pittman's administration. I've got to expose Jones, and I'm going to.'"

And he did, as verified in the copies of the paper. He went after it vigorously.

When the thing was reported, Pittman was in a Democratic meeting—maybe it was a state committee meeting—it was a Democratic meeting in Winnemucca. When reporters sought him out and told him what was going on and the things that were going on, Governor Pittman (as I knew he would, because I knew him, and I was an admirer of Governor Pittman's personally, [I knew he] was loyal to Jones, his lieutenant governor, and part of the party organization), and he immediately snapped back—with a retort, taking Jones's side of the picture. And from a political point of view, if you want to call it that, [he] aligned himself, by his remarks,

with Jones, so thereby, made himself fair game for all of this stuff, and then became implicated.

I never believed these things that were said on the tapes about Governor Pittman. He was a thoroughly honest man. I don't believe he was a politician—yes, he'd been in politics all his life, and he would do things that any other politician would do, but he certainly never would be a part of many of the things that were outlined here, starting an empire, or doing anything like that. Governor Pittman never did or never would do anything that he, himself, would believe was against the best interests of the state of Nevada. He could be used, and I felt that, in this particular case, he was. They had convinced him, as I found out later, that I was an insidious character, I was extremely disloyal to him, that I was boosting Charlie Russell. I did support Charlie Russell against Pittman, as I supported Pittman against Russell four years previously, because their positions were reversed. They were my boss, and they'd been good to me, both of them. But I just personally felt that—. I think that Governor Pittman was pulled into it by an inadvertent or a hastily-conceived remark that gave the people who were pushing the other side of this a chance to put himself in the same pot with 'em. And from then on, it was.

And we held the hearing, as they requested. It was probably the biggest hullabaloo that I've ever seen in the state. The press was there, the television was there, the radio (I can't remember whether there was mobile television at that time, but radio was there). It was a hectic time. We spent a lot of time with Pierre building up the record, trying to see what we could bring out. We sat up all night in Bud Loomis's house with Hank Greenspun and Pierre.

I was finding out that this pidgin French-English of his was sometimes difficult to

understand. And if you listened to a tape without anybody around, there were things you just couldn't make out that he said. He would translate them for you, tell you what he said, and then it was very obvious. I mean, now, as the lawyers say, your memory's been refreshed, you can go back, and you can see that that was what was said. But you couldn't do it without it. And he'd have to interpret it. He'd start talking fast, and in this peculiar French of his, French accent, at least. And so we did, we'd have to go through these things very carefully, and we made a complete transcript of it, written out.

Oh, [William C.] Bill Sanford was a friend of Charlie's, and, of course, a good Republican, and also—I don't know whether it was the case at the time, but later gave Pierre some legal advice, or Pierre looked to him for legal advice. Bill was there, I believe, and we went through this thing from a legal point of view, made a transcript of it, figured questions to ask, and so forth, and were preparing for the hearing.

This, of course, was an open hearing, although we wouldn't allow the mobile units into the hearing, itself. They did stay outside, and the reporters were there, and they were writing. And, of course, politicians from both sides, because this had become quite a [n] issue, and it was getting pretty tight.

Sidney Robinson was retained by Russell (I think he had acted as Russell's adviser before), to sit and advise Russell at the meeting, because Loomis, who was our attorney, was actually acting prosecutor for the gaming board. So Sid sat with Governor Russell, and whenever Charlie felt he needed any advice as to rules of the chair, or anything, he would ask Sid.

I don't think I ever was in as tense a period before or since as that one was, because now, the die had been cast. We were immersed in the middle of a very bitter political issue.

We were in the position that we always were, and that was that you can put the pieces of a puzzle, jigsaw puzzle say, together, and you can get very important pieces, and you can collect one piece here and one there (and this happened to me many times), and you can build a very clear picture in your own mind of what's happening. You know pretty much of what's goin' on, but when you take that back and try to put it together in a court suit, or under rules of evidence, it doesn't fit together in the same way to a total stranger. And I was nervous about this end of it, because I knew we had gaps in our case.

And really, a lot of the preliminary hearing, as far as we were concerned, was a fishing expedition to get statements on the record that we could use. We made it very clear that we couldn't hold a complete hearing and give a decision at this time at the request of the defendant.

Cliff finally came in, and much to my surprise, and to the surprise of a lot of other people who knew the local structures and the local friendships and local enmities, and so forth, and the polarized groups that existed, he had Harry Claiborne as his attorney. And I think it could be said without exaggeration that up to this time, Harry and Cliff were not exactly too buddy-buddies. They were quite far apart. But I'm sure Cliff brought him because of his ability as an attorney and his professional opinion of it. And I can remember kidding Harry about that, saying, "Well, I never thought I would see Harry Claiborne playing the fiddle for 'Arkansas Slim,'" (which has to be explained). But Harry understood. He merely grinned and said, "Ain't it hell," with his wide grin, went on and took over the case, and took it with his usual vigor.

I don't know that anything really important came out of that first hearing, other than

sparring on both sides. My guess would be that it became very evident to the defendants that they hadn't made a particularly smart move in demanding that all of this be aired before election.

Wiener was asked questions immediately about the tapes that he had made, and he made a very cautious and well-thoughtout reply. He denied nothing, he said, "If it's on the tape, I said it." He admitted that he had this meeting at the particular time, he didn't know he was being taped, and so forth, and he merely parried every question by saying, "If it's on the tape, I said it."

Now, at this time, I should point out that Pierre La Fitte was never publicized as such. He was operating, and had operated here, under the name of Louis Tabet, which was the only way he was [known]—very fortunately. [It] was only known between us that knew him, his right name Pierre La Fitte. And, of course, they didn't know who Louis Tabet was. They only knew what they'd seen in the newspaper. They knew they'd been taped, and now, I suppose, they were in a quandary of not remembering exactly what they had said, or not knowing how many times they had been taped. So they were in a very embarrassing, or unusual, position at this time, answering something that they weren't familiar with.

I can't remember in the first hearing. I think things were pretty tight on both sides. I can't remember at this first hearing of them—they may have mildly demanded or said, "Play the tape. Let's hear it," or something. We told 'em it'd be played in due time, but we read 'em a transcript. We introduced it as a transcript of the tape with the tape behind it. Or, read from the transcript at the time and said this would happen. But I can't remember of anything except a loud sparring that went on all day. It got very tight.

Jones was, of course, cautious in his reply. He pointed out he didn't know of any conversation. He never had any conversation with Mr. Tabet (which of course, he didn't), but he had to find out what he was to answer. And he was grilled pretty heavy on a lot of background. Claiborne defended him capably, and tried to shield him from questions, but Cliff was obviously getting tired and more and more nervous. I can't remember, really, of anything too spectacular or damaging coming from Cliff's questioning. He refused to answer some questions. And we were beginning to get close to probing into things that had been indicated by the background of the whole tape, Cliff started to answer a question—I can't remember the exact question—but it seemed to me the hearing was going pretty much our way, and that Cliff was beginning to testify a little more than he'd intended to, at least.

And about that time, the court reporter, Marvin Wilhoit, held up his hands and wiggled his fingers, and indicated to Charlie he had to have a recess. He said, "My fingers are just numb. I just can't take any more. Let's have a recess." So they did.

Harry got ahold of Cliff and talked to him very vigorously on the outside, and when Cliff came back, his testimony was quite different. He refused to answer any questions, and he demanded to see what the evidence was against him, and that he would answer no more questions, and took a different attitude. I'm sure he was under a lot of strain, and I'm sure he was subject to a lot of things that probably he shouldn't have been, as a matter of strain. But it was very obvious to all of us that Harry had gone over it with him pretty carefully, what his testimony should be, and it was an entirely different Cliff Jones that took the stand when he came back and resumed testimony.

That was our observation. Two or three of us, at least had discussed it many times since. We think maybe things might have been a lot different if the testimony had continued. We felt it was going pretty strong our way at that particular point, but it sure changed awful fast. I don't know whether the history that followed might've changed or not. I have no way of evaluating that, except by personal opinion.

Maybe more things went on in the hearing than I remember, but I can't remember of anything, looking back on it, as other than airing what Greenspun had already aired—in a much milder way than Greenspun had already aired [it] in the sensational editions that he had put out—and it did make it a terrific political issue. Feelings were high on both sides. The administration people, the people that were supporting Pittman, the Democratic organization that was appointed, was supporting him, felt that they were being used, and it was a political sham, and trickery, and everything else. And Greenspun was violently attacking Pittman because Pittman had opened himself to attack simply by that incautious remark he made, aligning himself with Jones. Greenspun immediately made hay of it. He said, "Pittman sides with Jones," and had headlines to that effect, and from then on, he was a part of it.

I think a lot of Pittman's advisers felt that that was a very hasty and incautious remark, that he should've stayed out of it, and let these people defend their own end of it and done what I am sure was a fact, denied any complicity with it, because I'm just sure he didn't. And as a matter of plotting and planning, Pittman would've done anything in the political strategy or maneuver to get elected that any other politician would do, but he was a straightforward, honest little man.

And, of course, I was brought into it a lot because of the role that I played in it. And, of course, the rest is history, as far as the election went. As I remember, the election wasn't even too close. Russell won it—at least, he won it handily. That matter was over, and now, of course, we had the Thunderbird by the tail, because we had to continue to prosecute it, and we had to continue to bring it out and act on it.

We had some hearings after that, but it was really what happened in between that that became important. We were now in the position of having to make a charge that the Thunderbird had an undercover interest in it, that Meyer Lansky did, in fact—and the Lansky brothers—have a concealed interest in the place, which was something from all of these little pieces that we could put together, patterned out pretty well, and I believed. We'd been under that situation many times. Now, we were in a position of proving it in such a way that it would stand up under a court suit, and we were sure we were going to go into court with it. And this becomes a different problem, because gaming control isn't then, or isn't now, set up to be administered under rules of evidence, and court rules, because it just isn't that kind of a business, and it just can't be done. (This, of course, became an issue a little later on.) It's got to be done as a privileged industry, and as it has always been taken by reasonable acts, reasonable men. You're not required to come up with the same degree of proof that you do to find a man guilty of a criminal act in court. There, the defendant, this man is considered innocent until he's proven guilty. He has nothing to prove. But in gambling, they do have to prove to the state of Nevada that they are fit persons to hold a gaming license. And the burden is shifted. Of course, once it's—[they] are licensed, then the burden shifts a little the

other way, and that the state has to prove they did something wrong.

But we pursued this thing. I began to get calls from Pierre La Fitte, or the Frenchman, as I call him. I got to know him quite well. He kept trying to become an integral and very important part of our operation, and he considered himself the man that was going to direct our course in the future, by his knowledge and by the information that he was going to feed us. I talked to Charlie about this, and I also confessed my reservations. There was something that just didn't completely ring [true] with me. The man was flamboyant; he was obviously capable. And Charlie and I discussed it, and said, "Well, how do we know he's done all these things that he's done?" I asked him for some [proof] of things. I said, "Pierre, give me some proof of some of these things.

Well, he'd go off into a long tantrum of pidgin FrenchEnglish, and tell about how he—"I—I—I put more people in jail," and "I do this," and "I do that," and "I work for—for George White." He was a very controversial man in the bureau of narcotics. [He] was a special man that would be sent around all over the country to clean special situations.) He, I think, *did* break the famous narcotics case in New Orleans, I believe it was—New Orleans or Dallas—which implicated the police department, and did do some clever undercover work in it. His work in recovering these art paintings, in which he posed as a seaman and traveled to Paris and all over, was a matter of record. I don't know who gave it to me, but I did get a Sunday supplement story of this, no pictures of him, but it referred to him, not by the name of Pierre La Fitte; in none of these cases was he.

He, according to his tale, was a right hand man to the FBI; he'd broken many FBI cases. But Charlie and I would talk about it, and say,

"How do we know? How much of this is fact, and how much is his story? Can we trust him?" This was the thing that was haunting me all the time. I was beginning to feel that he was an opportunist, and that he was continually trying to draw me out, and that he might do the same thing to me that he did to Louis Wiener, or Cliff Jones, or anybody else, and draw me to the point, and then feed me to the wolves, and go over to the other side. We just didn't know where he was going. I asked him if he would testify. "Oh, yes, yes. Of course," he said, "I've got to be very careful."

He said, "If you come back [East], I will show you these things, but I've got to do it in my own way." He said, "I'm too sensitive." He said, "You just can't uh—they won't admit they know me, if you write 'em a letter. But," he said, "I'll put you in contact with 'em. I'll verify these things for you."

I did. I went back to New York, and he knew New York like a book, obviously, took me around to various places illustrating his acquaintanceship. So he took me out to White's apartment and he said, "Now, let me handle this." He said, "I prove to you what I've done, but let me handle it, and I'll do it in my own way."

So he did. He took me to [White]. White was a very small, tubby man, well known throughout the country. He was tough. And he had broken a lot of cases. I think in this case in the South he broke, the chief of police took his own life, he exposed a scandal. But he was one of the hardest men, by reputation. And he was a man that was sent in to handle special cases, and he was ruthless. He was tough, he was ruthless, and most of the other people in the department didn't like his tactics; they didn't care for him.

Now, George Coffill, who was retired as an agent of the narcotics bureau and was working for us, was one of these people—he was no

admirer of White's. He said he was ruthless, he was tough, he'd break anybody to break a case, and so forth. He had heard of Pierre La Fitte, but he had never been exposed to him.

Pierre would not talk to anybody but me. I don't think the whole time that he came in, that anybody else, even Bill Gallagher, ever saw him. He demanded it that way. He said his life was hanging by a thread at all times, and one incautious remark would expose him.

And so, I went back to New York and went to White's apartment, and Pierre, in his clever way, the same way that he did in these tapes, drew out stories from White. "Do you remember this?" "You remember that?" "I did this for you, I did that," and White, of course, went right along with the thing, and very obviously made it clear that he had worked for him.

I don't know what point it has in this tale, but White was a man well known through New York and through the New York nightclubs, and drank more martinis than any man I ever could think, particularly when I consider my own ability. He made them by the pitcherful. This was about eleven o'clock in the morning, and he had a whole pitcher of martinis made out, and he'd just sit there and drink martinis. And I would marvel that the man could even stand up, and he'd still drink these martinis like water. They never seemed to affect him.

I found out later that even the columnists had remarked on this. When he'd go into a nightclub, why, they wouldn't bring him a single or double martini. They'd bring him a pitcher. [Laughing] He was a fleshy man, but very small.

But anyway, we had a conversation, and very obviously, he pointed out the fact that Pierre *had* done work for him, and he was well known to him, and there was no question about that.

“Well,” I said, “how about the FBI, Pierre? You haven’t been telling me about all your contacts.”

“I do that. We have lunch with the FBI agent. Now, you got to let me handle it again.”

So I said, “All right.”

So we did. We had lunch in one of the places. He was known everywhere. And this little restaurant we went to, why, people greeted him, “Mr. La Fitte,” and [he was] well known. And so this man gave me his name, and he, I think, was—and, well, I’m sure was an FBI man. Pierre had ways of doing that, and in the same way, would bring out things that had happened, things they both knew about, and one thing and another.

But I had the uncomfortable feeling that we weren’t getting very far with this, that this was just an FBI man that he may have given some information to, but it was—as the saying goes now—it was no big thing. This was probably an agent. I didn’t know how to get Mr. Hoover, and the FBI is a very standoffish group to get very far in. You can talk to their agents, but when you start getting very far with ‘em, you find yourself getting fended off. I found that many times, as I did with the Bureau of Internal Revenue. But even the Bureau of Internal Revenue was a little more accessible.

But I did go through this. Pierre showed me New York. He introduced me to his wife, who was a very charming woman. I remember we went to a little restaurant in Rockefeller Center—he did everything in a big way, which I was beginning to find out. Of course, his story to me was, this was the only way—and I think it’s probably true—the only way he could pass in these things. He had to spend money like they did. He was passing himself off as a big hoodlum, a big racketeer, and he had to give evidences of having money to poor people [laughing] like those that came

from the state of Nevada, and I think that entered into it. I think it was well known that we didn’t have this kind of money, and it had never occurred to any of these people who were drawn into this testimony. They knew that the state—the poor little gaming commission—couldn’t spend money the way this man was spending it—champagne, caviar, and a seventy-fivedollar-a-day suite, and every evidence of wealth, and of being what he represented himself to be.

But he did. I can remember the people in this [restaurant] —the head waiters knew him, and he ordered with assurance, and demanded the best of everything, and got all kinds of attention. He was flamboyant. And so he showed me New York City as he knew it. This was his home, and where he worked. He introduced me to many people. Obviously, he was completely at home there. I think I stayed there two days, probably, then I went to Washington.

I went to the Bureau of Narcotics, because I had a little “in” there through George Coffill. And I did get to the number two man (I think his name was G. W. Cunningham), and talked to him, and he said, “Yes, we know him. He has worked under cover.” He said, “He’s done most of it for White, but,” he said, “we know him very well.” And he kinda chuckled a little, as though parts of it, at least, were amusing. He was a little reserved in what he told me. He may not have said so in so many words, but I, again, would get the impression—. He said, “He’s a capable man, but you only use him—. Protect yourself. He’s involved in a lot of things.” And that’s the gist I got out of it. It was a verification of the tact he’d worked an undercover position for ‘em. They knew him, the FBI man knew this art case he’d broken; a lot of people that we’d talked to would know if there’d been a Sunday supplement case. And this was about the best I could find out; I didn’t

get any audience with the FBI that amounted to anything.

I came back, and I went down to Los Angeles and talked to Jim Hamilton, who was chief of intelligence in the Los Angeles police department (in my opinion, one of the finest intelligence officers that a police department ever had). He was a policeman from the tip of his toes up. He was dedicated to his job. He set up the first intelligence unit, I believe, in any city, beginning to recognize that they were going to have to have intelligence units similar to the FBI to trade information, and to work under cover on things of this nature. [He] had a very high reputation, and [was] a very high reputation, and [was] a very fine police officer. He and I had a very good relationship, a good personal relationship. He didn't care for gambling, he didn't care for gamblers, he had a typical cop's attitude, but he recognized our position as a legal industry, and had helped us many, many times, was very cooperative.

Pierre told me he was going to do some work for Hamilton. *Jeem*, he called him, Jeem. "I do this for Jeem, I do that for Jeem." And Jim told me he was an unusual character, but he was really trying to sell himself to him, more than anything else; that he did come to him, and said he could break some cases, and he said, "He has the capability of doing it. I don't deny it." He said, "He's got some terrific contacts. And," he said, "I will use him, and I do use him, but," he said, "any case that I would use him on, (for instance) if he was going to report a conversation in the car, I'd have my own man in the trunk to listen. Anything that he did, I would have him under observation all the time," which, again, was telling me, "You've got to protect yourself, Bob. We just don't know where he goes. He's pretty flamboyant, and he operates in pretty wide circles and cuts a wide swath."

Well, of course, we didn't have the ability that Jim had in the intelligence unit of the Los Angeles police department, with undercover agents, undercover equipment, detection equipment, cars set up with devices—all of the things that come into a sophisticated operation. We didn't have that.

So I was beginning to recognize that if ever anybody had a wildcat by the tail that couldn't either let go, or didn't want to hang on, or didn't know what to do with it, I was in that position, particularly—and to a degree, all of us were. This thing drug on for a long period of time.

I went back to Washington to the Internal Revenue department to get the income tax returns of George Sadlo. I don't know whether I pointed out in here, but obviously, according to everything we were trying to prove, Sadlo was the front man. He was the man that was there all the time, and reported as a front man. This existed to the Lanskys. This was the story. And it patterned. This was, and is, a typical pattern. So I went to the IRS through an agent in Reno. I found out who to go to. I got a request from the governor to release the income tax report, that it was necessary for state tax revenue. Of course, it was a little tenuous thread, but we did collect revenue from these things, and possibly, we could uncover something where we were [sure] money was—I hesitate to use the word in the light of later conversation, but—money was being *skimmed* off, and this was the only thread that we had. And we had no evidence of this. We weren't really looking at this point, unless it came up as a matter of investigation. The law did say that if the governor of the state requested it, said that it was necessary to the prosecution of tax cases, that they could release the information to me. And I think they said just probably that they *could*.

I found the bureau very—quite standoffish, polite, [but] standoffish. I got to a fairly high official in it, and I presented my credentials and thought I was pretty well along. He said, “Well, let me take them and look them over, and come back in an hour or two,” which I did. Evidently, they talked the thing over.

He said, “Well, first, we would have to have—.” The governor hadn’t put the state seal on this. The request would have to be made under the seal of the governor. So he said, “Get the seal, put it on and come back.”

So I phoned the governor’s office told him I was sending it air mail, please get a gold seal put on by secretary of state, put it back on.

I went to Miami on that trip. I went afterwards. But anyway, I tried to pick up what I could from Dan Sullivan (who’s still in crime commission in Miami), and tried to get what information I could as to the Lanskys’ operation. We got the same thing: we got a lot of conversation, a lot of talk, a lot of people who seemed to know what they were talking about, but nothing that I could carry back and lay in front of a court, and say, “This is what they said,” or “This is what it is,” because they were working the same thing. The FBI works the same—they all work the same way, to a degree. They may think they know what’s going on, and they use it, and they follow it, but they can’t use it until something breaks.

But anyway, I think this was a Thursday or Friday. I had to stay over a weekend. And I went back. I got the air mail special back with the seal on the request, got back again to the official. “Well,” he said, “now, specifically, what do you want?” I guess we had made it clear about what we wanted, but he said, “Now, let’s get into it,” seemed to accept the letter.

And I said, “Well, I want Sadlo’s income tax statement. I’d like to have Jake Lansky’s, and Meyer Lansky’s income tax statement.”

But he said immediately, “I am sure you can’t have Meyer Lansky’s, ’cause he’s under constant surveillance by the department, but,” he said, “we’ll see what we can do for you.”

He came back, and he brought Sadlo’s income tax statement, and he said, “The others are tied up in investigations, and they just are not available.” Said, “When we have things under investigation, we can’t make them available to anybody else ’til the investigation’s completed.”

I said, “When might that be?”

And he said, “I haven’t any idea. It might be years. We’ve got him mostly under constant surveillance.” I knew I wasn’t going to get anything more. I’m sure that Sadlo’s statement might’ve been thrown to us as a bone—at least, it looked that way. But I went through it, and I saw there was a reference in his income tax report to “Money received.” There was a capital gain on something he received from Marion Hicks in Las Vegas. That’s clearer in the court transcript, the supreme court transcript. [It] also brought in Jake Lansky as making a loan, and I think there was interest in capital gain shown as coming from Marion Hicks in Las Vegas, which, of course, was another piece of the jigsaw puzzle, and only served to verify the things we felt were going on.

I came back exultant that we had gotten even that much information. It became a part of our case, and the attorney’s. Loomis prepared the grounds for us. In it, we, as any attorney would do in a case that were to be presented to a court (although, in this instance, it was a hearing of the Tax Commission) alleged everything that he thought he could allege, grounds for revocation of a license, and various counts. Of course, as any attorney or anybody ever having anything to do with cases know [s], some charges are better substantiated and are better than others. But

we began to see that we had a very difficult job of taking what we had and trying to make a picture that could be presented to a group. But we had in our mind, all the time, this was going to go to court, because we knew it would. It would make a complete case, and say, "Here's a black and white case. Now, this proves what we've been saying."

It's difficult, almost to a degree of impossibility, in a well guarded operation, dealing with sophisticated people, people who have legal advice, and assuming that they are or were guilty of the things you thought they were. But we were putting the case together. There was a lot of work going into it, and it was becoming a terrific issue, with bitterness I have never seen in the state of Nevada before or since, the polarization of people lining up on both sides. There was no question that it had elected a governor, defeated another ex-governor. It was bitter. It was a bitter issue.

And besides having that to worry about, I had (as I was always terming) "the Frenchman"—constantly wondering what he was going to do. He was constantly badgering me with questions, and constantly handing me bills for money. And I'd say, "Now, Pierre, Pierre, go close. Go easy. I'm limited in what I can do. It's shocking me with the bills." And he—as he told me he would do—he says, "I haven't got any receipts. I got nothin'. I tell you I spend the money, I spend it. I spend my own money, too," he said. Of course, he kept working on me.

And he had a telephone phobia. I talked with Jim Hamilton about him several times. Jim was a good friend of mine, and he was trying to watch him to see what might be happening to me, too. But Pierre was calling me and telling me, "I send you a photograph. I got Mr. Beeg. I got a beeg man. I'm going to break a beeg case for you. I show you Beeg

Tony. (Now, this is as far as he'd get.) Beeg Tony in Chicago."

All right. He was very careful. If you tried to bring him any farther, he'd break into his pidgin French-English and get excited and wave his arms. He had a habit of doing this, if you started pinning him, though. He'd get excitable, and he'd start jabberin' at you, and it was just useless to try to get anything out of him if he started these tactics with you.

Of course, it was well known that Tony Accardo was a "Mr. Big" in Chicago. "Big Tony" could've been Tony Accardo; it could've been somebody else.

He'd send me a picture. He'd say, "Here picture of man I got. I took this. Now, I get keeled if anybody find me or know I take it. Here's a picture of him. I give you more."

I kept getting the very strong feeling that I was being fed just enough, like somebody holding something in their hand and letting just a little bit keep you going to keep feeding him. He'd come into Reno, or once in Las Vegas, and would meet me mysteriously. He'd call up, and he'd be in a hotel (he stayed in the old Cavalier in Reno). "I in room 43," and I could see the door open and him peeking out this door. He was very careful, and he had to talk to me in private, then he'd tell me all these things, and what he was going to break for me, and the things he was going to do. But I wasn't seeing—I kept hammering at him, "Pierre. I've got to have evidence. Now, if you'll testify in this case—."

"Well, maybe I testify. I got to be awful careful. I get keeled if I testify. But maybe I testify."

Now, somewhere in this period, we got an FBI record on him, on Pierre La Fitte, and who he was. I can't remember how we got it. We had, of course, ways of getting those things. We did get them. And it was the damndest record a person ever had seen.

He claimed he was born in—as he told me, “I was born in New Orleans.” But the record said he was born in France, and had him for swindling and con games in France. He fled France and went and joined the Foreign Legion. Deserted from there, I think. And he’d come to New Orleans, been arrested on suspicion of con games, and all the damndest bunch of stuff you’d ever want to see. I showed it to Loomis and Bill Sanford, and we talked about it. And Pierre just waved it off in his airy French. He said, “Sure. That’s a planted record.” He said, “I can’t operate. These people all investigate me.” He said, “They got ways of gettin’ these things, too. And,” he said, “that’s a planted record. That’s not true.” He said, “That’s a record planted by the FBI so I could break these cases for ’em.” If the FBI record wasn’t planted (phony) as he claimed, he was discredited and anything—evidence—he had developed on Louis Tabet would have been questionable at least.

Bill Sanford kept saying, “Will you get up in court and testify to that?”

“Well, maybe. I—I think maybe.” But he’d keep puttin’ us off. So I kept getting this nagging feeling things weren’t really working out like they should.

Jones, in the meantime, had gotten ahold of the record. And in the next hearing that we held, was free to admit to conversations, or anything else, because he said at the first hearing, as I remember, that he didn’t know who he was talkin’ to. He may have. I may have to correct myself. He may have talked to Louis Tabet, but was never taped, I’m sure. Or if he was, I never found any indication of it, and I think I would’ve. But he refused to answer the first time, on the grounds that he didn’t know what he was facing. He didn’t know who he was supposed to’ve talked to. He was reported in the news paper of having a long conversation with this Louis Tabet. I guess

that was it. And he wouldn’t talk about it. He pleaded a lawyer-client relationship. He said, “I was talking to a man I thought was a client of mine. I was looking for a prospective client, and I have a lawyer-client relationship.” And that’s where he left it. I think that was the tack he took after the intermission I mentioned.

So in the next hearing, he became very free. He was willing to talk about anything. And he said, “I have since found out who I was talking to,” and he started waving this record. “I’d like to talk to him, and I’d like you to bring him here.” And it was an entirely different case. Now, he was going on the attack.

And we said, “We know of that record. We’ll have to bring that up its proper time.”

I may have gotten a little ahead of myself. We were working on this particular hearing. Pierre seemed to look upon Bill Sanford as his adviser, if nothing else. (I don’t know if there was ever any lawyer-client relationship, other than the fact that Bill was interested from Charlie’s point of view. He was a friend of Charlie’s; he was on his side, and was invaluable help to us in all of these things.) I’m sure he got to know Pierre pretty well. And I can remember the last day or two before the hearing, and it came right down to the wire, and Pierre showed up, and Loomis kept pounding at him, “Now, are you going to testify? I’ve got to have your testimony!”

“Well, I—sure, I can testify,” he’d tell you one minute, and then he’d start to think about it.

But we just kept pressing him, and pressing him, and he was one of the hardest men I’ve ever seen to press into a corner or get a direct answer, because he could retreat on this crazy French-English of his. And he’d get excitable, start to get off on a tangent, and start to scream about it—he was a good cop, and he’d broken all kinds of cases, and he was being maligned, and so forth. Finally,

we said, "Look, you've got to tell us." I think the hearing was the next day.

And finally he called me, said, "You have to talk to my lawyer," referring to Bill Sanford. I don't remember whether it was Bill, but he said, "Pierre isn't going to testify." I think Bill said, "Pierre told me he was not going to testify. He's left town. Forget it. My gosh, if you're going to treat him this way—his life's in the balance—he's not going to do it." So we had to go in without it, and we had to make ourselves subject to Jones' attack of waving this record around.

I was never that shaken about my own personal feelings as to the fact we were on fairly solid grounds, but I was a little shaken about just how we were going to fare through a hearing and through a court suit. And we held this hearing, at least, and deferred a judgment. It took quite a bit of time to come up with the finding of fact.

In the meantime, the maneuvering [had been] going on. Pierre had a telephone phobia. He was constantly calling me, and he'd give me tips about other things that were going on. "I got lots of information for you. You hold up this license. You got a license comin' up tomorrow at the meeting. You hold it up. I give you beeg information."

There was no question he was a tremendously capable man (and was a problem) and had done a lot of terrific things. But I began to find out that he was putting a pretty good show on, too. He used to call me at home. And he'd talk, and he'd talk, and he'd talk, never of course, mentioning his name or mine. He'd go on. And then he'd start asking me questions or making statements that I didn't like. ([That] was something that I was exposed to constantly, all of the time, while I was in gaming, and dealing with people of this nature.) He was making statements over the telephone that would have sounded very

good to somebody, or a group, that was sitting, listening to his end of the conversation, and not knowing what my end of the conversation was. And I would keep trying to say, "Forget it, Pierre, forget it," or something else [which], of course, they didn't hear.

And he would say things to me, "How's your wife? How's your son?" I think one time he took us all to dinner in his usual flamboyant way, brought her flowers, and brought him some little gadget, something to amuse him, or that he thought he might like. "How that boy of yours? Is he still playin' the clarinet? I tell you what. I geev heem a clarinet. I geev heem a better clarinet than he'd ever see. You wait. I send you one.

I'd say, "Pierre, for Christ's sake, don't talk about that thing! I couldn't take a clarinet, and I don't want a clarinet!" People that I began to suspicion were on the other end did hear *that*.

"How Charlie? Geev heem my regard. You tell Charlie he fine man." And that'd go on, and he'd make the conversation, and I was just doggone sure that he was making [up] things that were futile for me to fend off or deny over the phone because people were listening and being impressed by what *he* said. And I got the definite feeling that he was working both sides of the fence, looking at whichever might turn out to be the best.

And he'd tell me sometimes, "Now, I'm workin' on these people." He was going under the name of Gustav Albanese, and I had a telephone contact at some waterfront place. He did have a merchant seaman's license, and he had used this to break this painting case, and other cases. And he'd go back, and he'd tell me, "I'm workin' on other cases. I'm workin' for the FBI," or, "I'm workin' for somebody else," or, "I do this for Jeem."

Well, Jim was starting to kid me, and he said, "Yeah, he is doin' some work for me, but

he isn't askin' for any money." And, he said, "I've got a hunch that he's using your money to build his cases down here to convince me of what he can do, and, "I might use him sometimes. I'll use him whenever I can, and it serves my advantage. "But," he says, "I'm getting a lot of information, and is giving me some good information." He had undercover men. A lot of them observed him, and they've seen him with these people, spending money, and throwin' it around, ingratiating himself, people they knew were hoodlums. But Jim kidded me about that for many years, said "I got a lot of information [laughing] off of your money.

He'd send me gragments of information. He'd send me information on totally different licenses that were coming up. And all of a sudden, he'd seem to know all about it.

One time, as I remember, I think it was in the Desert Spa case, we had a lot of things that bothered us about that case. So he called me just previous to it, and said, "Hold up that license. Don't you give that license. I'm going to geev you information. I'm going to geev you information, now. It's going to really be important to you.

Okay, what do I do? The man *did* get a lot of information to me, and he was working in groups of this kind, we *were* nervous about this thing and some of the implications of it. So I did go and say, "Look, let's hold up the license. I've got an investigation under way, and I want to get some more information on it."

From other things that I'd been exposed to—and was learning a volume of lessons here—I wondered, "Could he be talking with these people, and saying to them, 'Now, I'm going to get your license held up, and you've got to—,'" maneuvering some advantage of his own, and as proof of that, the license was held up the next day, when it was supposed to

go through, and him saying, "See?" (He never came up with anything I didn't already know.)

Well, I didn't know. I don't know to this day, although I found out lots of things, again, in little jigsaw pieces. But there was no question he was a terrifically active man.

I was under probably more tension than I'd ever been under. I realized the responsibility of it. He had me constantly nervous, and I still knew I had this wildcat by the tail. He kept handing me a bill that I hadn't authorized. He says, "Work I do for you. Work I do on this Thunderbird case." I had a suspicion he may have been trying to get back some of the money that had been spent down here in Las Vegas prior to the time that we had retained him, or had started to use him. He kept saying, "You going to pay me this bill."

I said, "Now, Pierre—." I admit I was sparked. "Pierre, I just haven't got & lot of money. I can't spend the kind of money that you think I can. I can't tell you whether I can do it. I'll try." I didn't tell him no, because I didn't dare tell him no at this point. I realized he was in the middle of an awful lot of 'em.

I can remember—it's a very vivid memory in my personal life [laughing]—I broke out in spots all over my chest, and stomach, in something like measles, and I can remember going to my doctor at the time, Dick Petty, for a physical. He queried me about it, and I said, "Well they've just broken out, and they won't go away."

And he asked me how I felt, and one thing and another, and he said, "Well it isn't shingles, but," he said, "is there anything really bothering you? Are you up tight, are you nervous?"

I said, "You're darn right I am!"

And he said, "Well, I think when you solve that part of it, and when things begin to come back, probably those spots will go away.

I told Bill Gallagher and one or two others in a facetious manner, "When I get rid of that damn Frenchman, I'll get rid of the spots on my belly."

I was prophetic. It turned out just exactly that way.

I'm reciting, now, what went on, really, between the first and last hearing on the Thunderbird, the maneuvering that went back and forth. This was quite a long number of months. And I think the association broke up when he refused to come to this hearing. He had been holding us at arm's length, I had been holding him at arm's length. We were sparring, sizing each other up. I would say this went [on] for a period of at least a year from the time I first saw him. The record would show that, it may have been not quite that long. But I believe it was, at least that.

But when we finally got the final hearing in, he made it very obvious that he wasn't going to come there and put the lie to the record that was there. I don't know to this day. I have my feelings about it at this time whether it was as he represented it to be, or whether he was the person in that record. I lean, to this day, more inclined to the opinion that he was.

But I knew one thing, that he hadn't produced the things that he had done, although he had extreme capabilities. He had broken big cases, and he was an Operator (with a capital O) and he lived by his wits. He lived an almost fairy tale existence in even the things you could verify about him, probably one of those people who got his thrill that way, treading dangerously. I'm sure that some of the things that could've been broken against him might've caused him a lot of trouble. He might've gotten bumped off by somebody that he had exposed, if they ever found it out. And it was a queer combination of circumstances. The more that time goes

on, I can see that, really, the best jobs he did were for the narcotics bureau. And in there, he was in his element. He was working in an element that he knew, he was working with plenty of money, he knew how to get at it—there's no question of all these things. But he sure didn't deliver—. He kept telling me, "I give you proof," and then he'd say, "I've given you proof." It's a picture of some man, "That Beeg Tony."

I said, "How do I know it's Big Tony? It's a picture of a man walking on the street." I said, "Even if I knew Big Tony, or somebody who did, I don't think he could be identified as him."

He never did say. I never could get him to say "Accardo", who was the real Big Tony. "Beeg Tony there. I talked to this guy." But all of these things he was going to give me only came up with verbal recitations. And then when I would pin him, he'd finally say, "I get keeled if I geev you any more than that. But you got enough here to go on." He did tell me lots of things that, undoubtedly, were true. And he did have fabulous contacts with many people.

The thing I was beginning to wonder was, whose side was he on? Was he on the side of the person that happened to be most useful to him at that time? This was what put the spots all over me.

And since, I've had time to reflect on Pierre. There was an article on him in either *Argosy* or *Blue Book* magazine, a story of this whole incident, and also, there was a story of Pierre La Fitte. It was amazing. Again, there was never any pictures, anything of that nature, but the story of his escapades, and what an amazing character he was. And there's no question that he was.

I heard about him only a year or two ago. There was an article in *Time* magazine about him. The FBI was looking for him

all over. He'd been accused of a shakedown against some complaining witness in Maine, or someplace, and the FBI had been looking out for him, and couldn't find him, and he was down in New Orleans, running one of the best New Orleans restaurants. [It] was a very fine restaurant; [he] was a gastronomic expert, [and] was supposed to've had people like Lady Bird Johnson, and all of the well-known people came. He put the restaurant on its feet, took over the duty of at least supervising chef, supervised the dishes, and was an amazing person. [He] talked with the best people, and had the best clientele, and had put this restaurant on its feet. And this *Time* had quite an interesting article, and had a little of his background. It mentioned this, his background in Paris, and his con games, and one thing and another. And the FBI had him for working what I suspected he was looking for opportunities to do here, but never—of course—were nothing more than that. I could put an awful lot of pieces together, and said, "It looks like his luck has held out again," because in the year that it took the FBI to find him, why, the complaining witness had died. That's the last I saw. I've got that clipping somewhere, but you can find that in *Time* magazine about a year or so ago, a little over a year.

He was an amazing character. There was no question, I got a liberal education from him. He could be a subject of hours and hours and hours of conversation. But as I remember, he passed out of the picture about the time of that final hearing when he refused the day before the meeting to appear. The spot on my chest and belly disappeared, and things began to go down to a more normal pace, although we still had the Thunderbird case on our hands.

The hearing was, of course, bitter and with loud accusations on both sides. And

so we took it under consideration, and then began a period of, oh, you might say sparring back and forth. I may not be able to put it in complete sequence as to what happened after the decision was rendered, but in any event, a lot of things went on.

I felt, and so did Bud Loomis, I'm sure, that, if we pursued the matter, it would certainly wind up in court. And when we got to court—because the law was not too specific in many places at that time—we had a very dubious case, and we knew we could lose it. As I said, there was several allegations made, and like any legal case of this kind, some of 'em were better than others. But we threw in, I think, five charges, something like that, five or six. We involved a loan of \$160,000 that we discovered had been made to the hotel group by Sadlo (for Lansky?).

Now, the Thunderbird was similar to many operations, most of them down here at that time. They had a hotel corporation that owned the land and building, and they leased the casino to a legally different group—at least a different legal entity—generally a partnership, because we couldn't license a corporation in those days. And the ownership was pretty common, but not exact; it wasn't exactly the same thing, but substantially it was the same one as in the casino.

We did run across this \$160,000 loan that had been made by Sadlo to the hotel corporation. It hadn't been reported. We, of course, made what we could of that loan that Sadlo made to the casino and to Hicks on that night before his opening night, as Hicks had related the story. But we felt, now, that if there had been any interest on the part of Lansky, or if things that we had alleged, or thought was going on that probably, all of this hullabaloo had smoked out, and it probably no longer existed. We felt that enough had been done (I did, personally, and I know Bud Loomis felt

the same way) that enough had been made of it, and that to drag it on out would be to the advantage of no one. It wouldn't be good for Nevada's public image, for gambling, for us, for anybody. Yet, we were in the position that many people had been into many times, that we couldn't back off. We had gone so far that something had to be done with it. But we thought if it could be resolved, that there was enough bitterness, there was enough problems—what had been done couldn't be undone, and that—as I say, if there was anything that we thought might be goin' on, I'm sure it had been smoked out. The publicity, itself, had probably solved it.

We kept getting the inferences back, or little messages back—we didn't know how much to put 'em—that Marion was tired and would like to get out of the business. There was no question that Cliff had enough of the Thunderbird, would liked to've gotten out. And we began to get some approaches to indicate that.

Loomis came down with me on one occasion. And he was like I was. He liked Cliff personally. We'd had lots of dealings with him, and we just felt that the thing had gone a long ways, and maybe now, the best thing to do would be to resolve it to the best for everybody. In other words, we were willing to make some sort of a compromise settlement. Bud came to me and said, "I've talked to Cliff, and I'm going to have lunch with Cliff." He was scrupulously ethical with everything he did. He kept me informed of everything he was going to do. And he said, "Now, if you agree, I'll go to him, and I'll see if we can't—let's see if we can't get the thing—." He said, "I'm sure Marion wants to get out." We had rumors—and I don't know whether they were true or not—that there was a rift between Marion and Cliff, and that Marion was upset because Cliff had been the one that lured him into sending

that telegram that brought everything out, and that Cliff's motives were political rather than in Marion's interests—this was what we heard. I don't know how much of it Bud had gotten directly, whether he got any of this direct from Cliff or not.

On the other hand, Marion couldn't sell the Thunderbird under the threat of getting out because then it would be forced sale. People would take advantage of it. So what do we do?

Bud came back and said, "I've talked to Cliff, had lunch with him. I'm going to tell you what happened," and he told me essentially the conversation. And I guess he'd talked to Cliff before, but—he told me before he went to lunch, he said, "Now, Bob, do you agree with me, that if we can accomplish our purpose and get this thing into some [settlement], if Cliff gets out, and Marion, within a reasonable time, will get out, that we can drop this issue? Now," he said, "I'm not going to do it unless you agree with me."

I said, "I agree with you completely."

Now, one may ask why he dealt with me entirely on things of this nature, but these things always happened in this way. I was on the spot. I was the administrative head. I didn't dictate policy. I couldn't tell 'em what the Tax Commission was going to do, but I knew pretty well what their feeling was, and I felt confident enough that—. Somebody had to give the answers, and so I did. I was sure that I could safely give this answer, and that I wouldn't be criticized by my own commission or by Charlie Russell. I kept in close touch with Charlie. I knew how he felt about the thing. So I said, "Yes."

He says, "I'm going to approach Cliff on that basis, now."

So he came back and told me, "I think we've got something," (he was quite exultant) "but Cliff wants me to talk to Marion. If you

agree—I want you to know it,” he said, “I will.” Cliff wanted to know on what basis we could assure him that—in other words, were we authorized to act for the commission? Bud says, “Now, I exaggerated a little, Bob, but,” he said, “I had to tell him that you had agreed to it, and that if you agreed to it, and the commission would agree to it, and that this was the way things were, and that any answer you gave me, he could take,” he said, “although it may not have been authorized by them. He was to do it on this basis.”

So I said, “Fine.”

And then later on, he told me he’d talked to Marion. He said, “I met Marion over in the Riverside. I had a few drinks with him, and,” he said, “I talked to him.”

Now, Bud was handling this case as I always thought [he should]. It was one reason at that time that we had our own attorney, and not the attorney general’s office. These things got so tense and so difficult that the attorney was in a difficult position, representing the Tax Commission as he would a private client, looking out for their best interests, from a partisan point of view, as an attorney for that side. The attorney general can’t be in that position; he’s got the public interest, he’s got a lot of other things to consider. But was handling the case on this basis, that he represented the Tax Commission as a privately retained attorney, he was looking out for their interests, and I’m sure that Bill Sanford, and probably Sidney Robinson (although I only remember seeing Sidney directly in that one hearing) were looking after Charlie’s interest. (And we had quite close contact with Bill. I had lots of confidence in him and in his legal ability, and in his friendship for Charlie.)

Bud said, “Now, I laid it on a little thick with Marion. [He] seemed interested. And Marion asked me the question Cliff did, ‘Well,

now, if I talk to you, what assurance have I got that what you are telling me will be done? Can I make any kind of a deal?’”

I guess Marion admitted it—and I think this was true— he was sick by this time. He didn’t live too many years after that, and if Marion could’ve gotten out of the business reasonably, he would’ve gotten out. There was no question that Cliff would, and the matter would’ve been settled. Of course, there would’ve been some legal points that may never have been determined.

Bud said, “I did. I laid it on thick.” I told him that the Tax Commission does what Cahill tell ’em. “Now,” he said, “that’s a little thick, but I had to inspire this kind of confidence in him. “And,” he said, “Cahill’s the one that’s been in this from the beginning. They all have confidence in him. He’s very close to Russell and whatever he tells ’em to do, they’ll do.”

And I said, “Well, that’s goin’ a little far, Bud. I hope the Tax Commission nevers hears that one,” (’cause this was not true, although I’m sure I had their confidence and quite a bit of influence with ’em. But certainly, they were independent men, and I never felt on any one of ’em, that I could treat them as pawns, or just tell ’em what to do, and I never tried).

“Well” he said, “Bob, I had to say that to strengthen our case. We still are in agreement, now. If we can get Hicks and Cliff out on this thing, get ’em to move out, give up their licenses, we’ve accomplished what we’ve gone after.”

I said, “Right. I would love to do that. And I’m sure the commission would go on that basis, and I’ll take the responsibility to that extent.” So, at the time, that’s where it stopped.

In the meantime, many other things, of course, were going on. We were preparing for the hearings. We came up with our finding

of fact, and I think we gave Hicks and Jones a little time to get out. We recognized the fact that any agency should. He had a place that had a lot of money invested in it, and he should have reasonable time. We were trying to do it without making it an order of the Tax Commission so that he wouldn't be put into the position of making a forced sale.

But somewhere along the line, obviously, things didn't work out the way we hoped they would, and communication began to break down, and they began the same pattern as originally, began to take the offense again. And they decided they had a better case than we did. I don't know what their own particular strategy—counsels—developed, but anyway, it was evident that they were getting more aggressive.

We went to court. Now, the big issue that developed, and was a burning issue, and was one of the very good things that happened in the case: it settled an issue that always had and always will be a problem [ml gaming administration—how do we take *this thing into court*? You didn't have the law, and the administrative procedures, and the things you do now. The law was silent and had been patched from time to time, only to meet immediate questions. A case of this kind had never been taken to the courts—at least, taken to courts with this question. Is it going to be tried in the courts *de novo*? (I was very soon acquainted with that term by the lawyers.) In other words, are they going to take this from the beginning and hear all of the evidence, plus any new evidence that might develop and hear it as a court case? Or are they going to look at it *in certiorari*, which is the review of a judicial body over an administrative body, and in which they determine only did they act fairly and reasonably and not arbitrarily and capriciously, and did they have good reason

to do what they're doing? (Which, of course, is the heart of gaming regulation. It's got to be done that way, and there's enough restrictions on it there.) It was going to be tried this way.

They retained Thatcher and Woodburn. They used Dick Blakey, a partner in the firm, a very fine attorney, on the case. Bill Woodburn sat in with them, but Harry Claiborne defended them down here. And there was a hullabaloo—a lot of hullabaloo—and there was a lot of preparatory work went on. They took a deposition (exploratory testimony).

I was subpoenaed to give testimony. I gave this deposition, and, of course, we knew that it was a fishing expedition, because that's the way these things work. I don't remember too much. I remember I was grilled for hours and hours. I only remember the final result of it. But they asked me every question, every detail, anything they could think of, to get it down on the record. It was apparent at that time that it was a fishing expedition to a degree, but the attorneys explained to me that it was to insure the appearance of a witness in court. In case he should die in the meantime, or be incapacitated, or would run out and couldn't be subpoenaed to court, that then they could introduce the deposition. But they couldn't introduce it as evidence if the witness testified directly on the same subject in court, except they could use it to refute something that he might say that was entirely contrary to what he gave in his deposition. Then they could make him explain it. And it was a long—was a thick document.

We went to trial down here in the old county court house before I think it was Judge Merwyn Brown. The first issue that Loomis brought up in trial was that it should be conducted as a review, *in certiorari*, and that no direct evidence should be introduced. They would have to rely upon the transcript

and the testimony that was made, and make their judgment from that.

We went into court, not knowing how long we would be there. I was excluded as a witness. I heard a little testimony, but I wasn't there for an awful lot of it—or the arguments.

Harry Claiborne, as I said, was the main defense attorney. Harry and I were, and are, good friends personally. Harry goes out to win a case, and he was out to win that one, and, of course, didn't pull any punches with me or anybody else. They brought me on the stand, and I was on for a long time. Harry is a bit noted for his histrionic tactics in a courtroom, and he has sometimes been designated "Whispering Harry," which, of course, is a paradox. He shouts and yells in a loud voice. And Harry got to shouting at me, and I shouted as loud back at him, and we had a pretty good go-around.

I can remember Butch Leypoldt, who was then in the sheriff's office, saying he was up on the third floor and he heard the yelling and came down to see what it was all about (decided it'd be interesting to come in to listen to Harry and I yell at each other).

I was on the stand for hours. And the transcript of the deposition I had given, I could see Bill Woodburn and Cliff Jones, the defendant, but also an attorney, and Dick examining it. Particularly Woodburn and Jones were listening to my testimony and comparing it with what was on the transcript, and, of course, left me a little in a tight spot because I knew what they were doing. I knew they were trying to trip me up in something that was contrary to the testimony I had given some two or three months before at the deposition. I don't recall of any[thing] coming out of it. Occasionally, they'd stop and whisper and a question would be asked, but no issue was ever made,

to my knowledge, of any difference in the testimony that I gave.

One that was a bit of a surprise to me was they brought Keith Campbell, who was, and is, a very dear friend of mine, and who worked for me for many years—I guess was working for me then—and brought him to verify the conversation I had with Marion Hicks that I had previously related, because Keith had set it up. There was something in my testimony, and probably in my transcript. I couldn't remember of any conversations with Marion, or said I didn't remember of having any conversations with him. And, of course, Keith had to testify that he did make this appointment for him, and that he took me there, and that he did see me go over to the bar and talk to Marion. Of course, I immediately recalled it and just said, "Certainly it happened. And now that you've refreshed my recollection, I—yes, I did." Well, of course, all it could've done was to have made some credibility gap. But I had just forgotten about it, and it was a total surprise to me.

Keith didn't tell me what he was going to testify to, and I didn't ask him. But anyway, as far as I was concerned, it wasn't damaging. I don't think that it was. But I had, I'd completely forgotten the thing, 'cause it was relatively unimportant.

Oh, the thing they did do with it was they asked me if I had reported it to the Tax Commission. And I said, "No, probably, I didn't."

"Well, why didn't you? Don't you work for the Tax Commission? Aren't you supposed to report to them?" And I said (it seemed to be perfectly reasonable to me), "Well, I don't report incidents that are of no particular importance or that I dismiss, and I dismissed this one at the time." I said, "I hear of hundreds

of incidents. And to tell them that I looked up this phase or that phase and found that there was nothing to it, I haven't got time. They only meet once a month. And I didn't."

Something that I haven't pointed out here, which is easy to determine as a matter of record, the newspaper controversy was still raging, and, of course, the *Review-Journal* was taking the side of the defendants, and Greenspun was taking the side of the defendants, and Greenspun was taking the side of the administration. The *Review-Journal* at that time was using every method they could to discredit me through the newspapers, through the headlines. Everything that they could find that was at all derogatory to say about me was always headline or front page news in the *Review-Journal* at that time was using every method they could to discredit me through the newspapers, through the headlines. Everything that they could find that was at all derogatory to say about me was always headline or front page news in the *Review-Journal*.

I expected this. Actually, the people who ran it at the time, one of the men had gone to school with me, and I'd always known, and liked [him] and still do. But again, it's like some of these things that come up in gambling. He was doing his thing, and I was doing mine. Johnny Cahlan, I think, was the editor at the time, or at least was running it. He and Al were running the paper. I was told very directly by a person very close to me—and I know it's the case—he was asked, "Why are you after Cahill so? Why are you ripping him apart and trying to discredit him?" This went on after the Thunderbird [case]—went on for some time. "Why are you so vicious? Obviously you seem to like him."

He said, "We haven't got anything against Cahill. We don't at all, but it's the only way

we can get at Russell. We're after Russell, and Russell just isn't vulnerable. We use him to tear Russell down. That's our only reason for it."

And, of course, the *Review-Journal* the next day if I remember the headlines correctly, were black headlines, saying, "Cahill Admits Withholding Information from the Commission." Of course, that's what headlines can do.

I had gotten to the point where, and for sometime afterwards, I just never read the *Review-Journal* during that period. They were partisan, as they were entitled to be, but I didn't have to read it. I pretty well knew what they were going to say about, or what they were going to make of an incident—of course, I couldn't avoid seeing some headlines and some things of that nature. And I found out that it was much better for my adrenaline, and I could keep much calmer if I just didn't read the things they were saying. I knew they were sayin' 'em about me, so that was that.

I can remember an incident later, a year or two after the Thunderbird case was resolved (we had established the Gaming Commission), and Bill Sinnott was on the Gaming Commission with me, and Bill's little boy came in, selling newspapers. (He had five youngsters, four of 'em boys.) He was a little boy about eight, nine years old. As all boys do, was going to make some money selling newspapers. Bill had told me, "Of all things, can you imagine what he's doin'? He's peddlin' the *Review-Journal*." So he came in and asked me if I wanted to buy a copy of the *Review-Journal*, and I said, "Sure." He handed one out, and I said, "How much is it?"

He said, "A dime."

"Well," I said, "how many have you got there in your bag?"

And he looked a little perplexed, but he reached down and counted 'em, and he said

he had eight or ten—may have had ten. Let's say he had ten, anyway. I said, "I'll buy 'em all."

And he looked at me like I was crazy, and I'm sure that he was convinced I was. And he started to dig 'em out. I said, "Set 'em on the table," and he did. And I counted 'em, and I gave him the money for 'em, a dollar, or somethin' like that. And I said, "Now, take 'em and throw 'em in the wastebasket over there."

And he said, "What?"

I said, "Put 'em in the wastebasket."

And he said, "What for?"

"Well," I said, "I don't want anybody else readin' that stuff, so just put it [laughing] in the wastebasket."

I'm sure I sent a very perplexed little boy out of there. But that was the way I felt about that campaign that was goin' on.

Well, to get back to the trial, Brown ruled against—. I may possibly be confusing this with another case I had. But the ultimate result was that Brown ruled that it would be held as trial *de novo*, and that he would hold it, and that's the way it was tried. For two or three days, it was tried with witnesses. They brought everything up, and new evidence in. Brown may have said, "We will—." As I would suspicion—I know of one case later that a judge did this, and it would be normal; the judge said, "Well, I'll hear the testimony then make the ruling on whether it's admissible or not." Now, it might not have happened in quite that way. But anyway, the ultimate ruling, whether it was at the time, or whether it was later, Brown ruled that he would try *de novo*, and that's the way it went.

And of course, things, as I suspicioned, weren't that good for us. I'm sure there was a lot of things we thought was good evidence that didn't appear that good in court. The case went into consideration, and Brown ruled against us. I can't remember the details of

his ruling, but it's a matter of record, and we appealed to the supreme court.

Loomis protested from the beginning that he was going to try to avoid the issue, and that it should be tried *certiorari*, and the law was extremely silent on that. You had to go to general case law, and many other things. But it was a very important issue. I think it is the only issue, probably, decided that was of that much importance. I have seen quotations, and I'm sure courts have used some of the statements made by the judge in the supreme court.

That was the important issue, because, to me, an awful lot was at stake. If the gaming board was going to treat all of this handling of gaming and the administration of gaming as they would a court case, and handle it to that extent, we were through, as far as any effectiveness. And Judge [Charles] Merrill essentially said that in his opinion, in his final opinion. There was no purpose. It was designed to win that one case. It could not possibly have been to the best interests of the state of Nevada. Of course, it could have been corrected in later legislative sessions, I suppose. They tried it in the next one in a different way.

But we knew we couldn't live with that. We could live with losing the Thunderbird case. I was halfway resigned to the fact that we might. I felt that nothing further would've been accomplished, anyway, and it had gotten to the point where it was immaterial (the court decision) except as a matter of precedent as to that particular case. But the matter went to the supreme court.

In the interim, the legislature met. It was probably the worst session of the legislature I ever had. Up to this point, I had had very marvelous relationships with the legislature. I had a lot of confidence on the part of their leaders for reasons I've described previously,

in the budgets and the things that I worked with. Well, I had a lot of personal friends there. And I know I was probably, up to that point, very solid in the opinion of most of the legislators, and they trusted me, and I'm sure believed in me, the things I was doing.

This [1957] was a horrible session. (By this time the gaming board had been formed.) Senate Bill 92 was introduced, which became the burning issue of the session. And all of the bitterness, all of the political maneuverings, all of the underground broke out again and [all] that happened in the original Thunderbird case was magnified. It was a partisan issue. It had strong support. Russell was a Republican, and the Democrats, I'm sure they controlled the assembly. The senate, as has been usually the case, was very close. They felt Russell was not strong enough, and that they could push this through.

Senate Bill 92 in essence, as I remember it, clarified the fact, and put into the law, that these things should be tried *de novo*. Now, it may have been a little longer than that, but that's what it said. And this group, ostensibly, and the people that were backing it, were backing it as a good legal principle, and this is what the state should do. It wasn't introduced for that reason at all. It was introduced to insure the decision in the Thunderbird case that was then pending before the supreme court. And the preamble—this is the key to it, the preamble of the bill. I don't know that I can remember the words, but I can, I'm sure, remember the meaning of it. The preamble of the bill pointed out that, up to this time, there had been some doubt. The legislature hadn't spoken on the issue of whether it should be tried by *certiorari* or tried *de novo*, that considerable doubt had been made, and that for this reason, the legislature was now speaking, for once and all, resolving what had always been the intent of the legislature, that

it be trial *de novo*. Now, I'm sure it wasn't said in those words, but that's what it said. In other words, it was saying, "We are going to declare that this has [been] and is, legislative intent," which obviously, of course, put the spoke in the favor of the Thunderbird, the people who were originally the defendants, at least. I'm sure they had good reason to think that that was maybe the weak spot in their case, and that they were going to mend that.

Now, this was the only legislative session that I completely sat out. Maybe it was a mistake, but I was very, very tired of all of the things that had gone back and forth. I knew that a vicious attack was going on in the legislature and underground against both Bud Loomis and myself. I was learning again that people, particularly in this particular business I was involved in, in order to win their case, find the first thing to do is to destroy the people who are strongest in the case against them, discredit them, destroy them in any way that they can. And this was the campaign, as far as I could hear, and knew was going on in the legislature. There was a campaign to destroy the credibility, particularly of Bud Loomis, and also mine. I only went to the legislature when I was requested to go before a committee, and the rest of the time, just sat in, weathered the storm. We were at that time in an office two or three blocks from the capital because of lack of room.

It was a bad session, a bad feeling. I would hear about the things that were going on, and I heard rumors that they had taped Bud Loomis and his conversation with Marion Hicks in the Riverside. They were playing it to all and sundry to demonstrate what Loomis admittedly had told me that he was putting on the tape, that I was a dangerous person, I was a czar, and that gambling was a one-man business, the Tax Commission did what I told them. This wasn't the first time or

the last time they'd done this, but they went to members of the Tax Commission—and while they didn't attack me on that basis, they [said], "We understand that Cahill runs the commission." Well, of course, that was the surest way to get a good answer for 'em, make the individual commissioner's hair stand on end and be sure that I didn't. But anyway, it was put up in this manner. I had some people in the legislature who were good enough friends or acquaintances that I could have asked. I didn't. I was just completely staying away from it. I was tired of it, and whatever came out of it had to be—. I'd done the best I could, and I'd just have to take my chances with it.

They were planning what was, I suppose, to be a lot of damaging testimony as a result of this tape [of what] Loomis had said to Hicks. Now, Loomis admitted to me that he was treating him as a private client, he was trying to maneuver him into a position, he was bluffing to a certain extent, and he was saying things that any other attorney would say in trying to get a settlement of a private suit. And, of course, they were using it as a public issue.

The matter was pretty well polarized, I'm sure. There was nobody much in between. It became completely the political football. And I was told afterwards by some people that listened to it that they gave no credence to it at all, that the tape had obviously been patched, that some things had been taken out of context, or left out—and, of course, you can hang anybody with things taken out of context—and that they didn't believe it. That was not until sometime afterwards. I think somebody told me they gave no credence to it at all.

But it did become a political issue. Basically, there was never much doubt as to where the assembly would go because

the assembly was an organized Democratic assembly, and it was definitely a partisan issue. But the senate, as the senate quite often does, goes a little beyond partisan politics, and you cannot always line it up just exactly as Republican and Democrat politics. They were individual men, and they had some individual opinions.

The bill passed both houses, went to the governor, and of course, the governor vetoed it, as was expected, and it went back to be passed over his veto. History shows that Senator Lattin, who was a Republican, and who had originally voted for the bill—. (Ralph was one of those people that I respected, I always did. He tried to do what he thought was right, and I'm sure that when he voted for it the original time, he'd been convinced that that was the right thing to do.) But in the meantime, he switched his vote, and voted against overriding the governor's veto, and it was that one vote that saved the bill. I'm sure the assembly would have overridden, because they passed it by enough of a majority. That was the way that went. The whole session was a very bitter one, I've never known one before or since in the state of Nevada where things got so bitter, and there was so many attacks went on.

George Franklin was in the assembly that year, and tried to make something out of this meeting we'd had with the county commission, more than I could ever remember, or make out of it. However, I never denied the fact that Franklin did complain that he thought this was going on, as many others did. But I thought there was nothing else important come out of it. I can't remember, but I was given to understand that this was represented differently than any opinion I ever had of it. I was under quite heavy attack on it. I was trying to explain to people—I developed an expression that was descriptive to me; I don't

know whether it was descriptive to anyone else or not— that trying to get evidence in a business like gaming, and bringing it to show somebody, was like looking outside and seeing a very, thick fog out there, and somebody in another room without a window is saying, “Oh, is there a fog out there? Well, if there is, bring some in and show it to me. I can’t see it.” And I said it’s just about like trying to pick up a handful of fog if you try to make this thing in a trial *de novo* and treat it as a matter of evidence in things you can produce. You’ve destroyed everything in it.

I thought, myself, that it was a fair description, but it was the subject of some bantering. Some people who were trying to discredit me used it. Oh, there was a number of facetious remarks passed around about it. If I couldn’t find my way through the fog, maybe I better not be administering gaming. Things of that nature.

For me, it was a bitter session. We came out all right in it, and we went on another couple of years in the Russell administration in the same manner we always had, but it took a lot out of me. I used to enjoy my job in gaming even though it was a trying thing, and rather ulcerous, although I never developed ulcers from it. But [laughing] it was an ulcerous job. I rather enjoyed the contact, I enjoyed the challenge and the things that went with it, and I thought I was accomplishing something. But after the Thunderbird case, it took a lot out of me. In my experience with Pierre La Fitte, and the rest of it, it had taken away the zest of gaming. And I was beginning to find out more and more people were seeking some way to discredit me, because they figured that—as had been pointed out in this Thunderbird thing—that it was necessary to destroy me to gain the things they wanted. I lived after that (I’m always conscious of it), in mortal fear of being framed. I knew that if it’s done properly,

that probably anybody can be, and I just was almost living just for the time.

I couldn’t let go of it because of Charlie Russell. I wouldn’t leave him in the lurch. I couldn’t’ve left at that time, after that much of it was over. As a matter of fact, the decision on the Thunderbird case in the supreme court came out after the session. But I just couldn’t leave him, so I stayed with him because of my personal fondness for him, and my personal respect for him. But whatever satisfaction there’d been in the years of the whole thing, I was realizing that there was a number of issues and a number of incidents that people [who] were out to destroy me would use.

But as history records, Judge Merrill wrote an opinion on the supreme court case. It’s a very masterful opinion, I believe. It was handled very nicely, and worded nicely. He ruled immediately the trial *de novo* would take away any purpose of administering a business like gaming, that it couldn’t be administered on that basis, that the only way they could do it would be by review (which was, of course, the way we were trying all the time), but that, because it had not been settled and some resolution should come from the case, he thought they should make a ruling on the evidence that was heard and the evidence that they reviewed in the lower court, regardless of whether it was brought in. It would not have been allowed had it been handled as a *certiorari*, as a review of the case. He treated the five, I believe it was, grounds that we had given for citation of the license, and pointed out, as we knew, that some of them had some reasonable grounds that they would sustain revocation of the license on, and some didn’t. I can’t recall all the issues. But essentially, that’s what he said. They named in the case what grounds they thought were substantial, and what grounds they thought weren’t substantial.

And then, of course, the keystone of his opinion was that they had no way of knowing what weight the Tax Commission put to these various factors. Nobody but the Tax Commission, themselves, would have any way of knowing. Had they been allowed to consider only those grounds the court ruled were substantial, the question was, "Would they have revoked their license on those grounds alone?" He threw out the evidences that were alone, and the income tax reports, admitting as I remember, that a reasonable person might draw a conclusion either way on 'em. But that was the essence of it.

And then, in the end, he said essentially that this decision, without prejudice to the Tax Commission reopening the case, and rehearing it, and in absence of waiver, on the grounds that they had ruled on—and in the absence of waiver, support their decision—or, [he] didn't say it in those words, but that's what he meant.

This wording "absence of waiver" confused us a little, and we thought we understood what he was saying. What he was saying actually was—and he confirmed this later—what he was saying [was] "If the Tax Commission wants to go back and rehear this case on the grounds that we have, and the evidence that we have held is substantial, or to reopen the case, and if they want to revoke the license on the grounds of the evidence that we've held as substantial, we won't overrule. We're saying in this case these things are real." And that was a reasonable assumption. "We don't know what went on in their minds. Maybe this was a minor issue to 'em "But he did leave the door open.

Bud went and talked to him, and he affirmed that that was what he said. And he said, "Well, what do you mean by an absence of waiver?"

And he said, "Well, I mean that if you reopen the case that it's a case of issue right now, but that you can't just hold back, and a year, or two, or three years later, decide you want to use it, and then open it." He said, "It's got to be a continuity, and it's got to be opened, and resolved in this case, and you can't waive time, and just bring it back any time it suits your convenience." And that was a reasonable interpretation, also.

We went back to the commission, and, of course, particularly with Charlie, who was mostly involved, and they felt, I'm sure, as I did—we all agreed on that—that already, it had gone too far. There was some good came out of it, a resolution of some issues. As I say, I know that I've seen quotations many times since of the remarks of the court. It was a well-written opinion, as it affected the regulation of gambling. It did determine once and for all, and removed the threat of Senate Bill 92. We knew that would never come up again. Of course, it was done only for that particular case, in my opinion. But we thought it had almost destroyed a lot of people; it had changed the election of a governor of the state, it had almost ruined the legislative session—it did ruin it, in my opinion. The crosscurrents and the things that went on, I think, kept 'em away from things they should've been doing, or could've been doing, and that there was just no point in carrying it any further. I, as I've indicated, was ready [laughing] to drop it before that time, if I could've done it gracefully, because I thought whatever good might come out of it [already] had. We would've settled before it ever came to issue.

I do think the trial *de novo* issue was a very important one, but I think that could have been settled in a different tempered legislative session. I'm sure the legislature, without the background that was behind the Senate Bill

92—and most attorneys felt that way, also—that the legislature would have clarified it as a *certiorari* case, rather than trial *de novo*. Of course, under the circumstances, all of the pressure was the other way, and they did pass it the other way.

I think part of that was the total lack of defense. Probably, in looking back on it, if I'd been in a different frame of mind and a different mood, and maybe a different type of person, I should've been up there fighting it back politically. We didn't. It just almost went by default. Charlie, I'm sure, did what he could in his own way, with his friends and with his party, but again, that'll come out in our assessment of Charlie Russell. Charlie was a fair, easy-going person, and he was not, definitely, the type to go up into the legislative halls and twist arms, or anything else, as has sometimes later developed. He sat back in his office—in fact, most governors of those days did. They sat back in their office and waited for their people to come to them. And he just wasn't the type, any more than I was, to go out and take this as a political battle. I'm sure there must have been some people up there that were defending him, from his party and out of friendship. But we didn't put up a terrific fight on it, even though we knew, had that bill passed, we were virtually on trial for our lives.

Actually, what eventually happened wasn't too much different. The Thunderbird didn't lose its license. Cliff Jones passed out of the picture, I think partly out of preference. I think he was (like I, on the other side of the fence) was sick of it, and thought that events proved that he'd do better in greener pastures and under different circumstances, and I'm sure he had good reason to feel that. Marion Hicks, I don't remember when he died, but not too long after that. Marion, I'm sure, would've liked to've gotten out of it. Marion told Bill

Gallagher once—I don't know at what point this was, But it was during the trial—"I can't let this go." He said, "If I go out now, I'd have to leave here, with all the years I've been in Vegas, and all I'd have to show for it would be A suitcase full of money."

And Bill, in his own sharp and inimitable way, said, "Marion, we're in the same position, except that we haven't even got a suitcase, much less the money. We'll get run out if we lose it and we haven't got a suitcase to take with us" [laughing].

Marion was essentially saying he could've sold out, even Under the circumstances, for a pretty handy amount of money. But he, I guess, I didn't want to quit under fire, either. I can't remember (that's a matter of fact) whether—I guess Marion died still owning the Thunderbird, but he didn't last too many years after that.

The case passed into history, and I guess will have to be judged according to whose lights you see it by. I'm sure there were mistakes made both ways. I've reviewed it many times, and I don't know what, essentially, we could've done differently. I don't know how, considering everything, how you could've handled a situation like that any different.

Marion and his heirs might have a suitcase full of money, to beg a phrase, but about all it left me with was some bitter memories. I wouldn't go through it again for a million dollars, and I wouldn't take a million dollars for the experience. So maybe we better leave it that way.

SOME NEVADA GOVERNORS AS I KNEW THEM

Well, perhaps at this point, I can go back and start with the governors, as I knew them, and as I remember them, and as they affected the things that I became involved with throughout my state career.

I was appointed to the Tax Commission by Governor Carville. I can't remember how much of this I've covered earlier, but I think I covered it in discussing that time when I was working with Henry Schmidt. It was actually Don La Rue's appointment, who was bank examiner, and as bank examiner, was ex officio state auditor and secretary of the Nevada Tax Commission. (And in those days, they called them the consolidated offices, and they were.)

I came in in 1945; I was appointed by Governor Carville. I had always liked Governor Carville. I worked with him in his campaign against Harley Harmon. I only knew him as an individual through those contacts. I went through one session on the budget in his administration.

Governor Carville was a strong character. He was what we would now call, of course,

old-fashioned in his ideas. He believed in as little government as possible, which was quite a bit the thinking of the day. He came in, I think, as I previously reviewed, in 1939, where Kirman had left off, had no problems in that first legislative session. He had few problems come up in the four years he was there, or less than four years. Looking back on it, it was one of the sweetest periods in history for a governor to take over a state, because there was little controversy, things were quiet, people were happy with no nuisance taxes, and the treasury was full, and most of the things that were goin' on were [laughing] political.

Carville, I always called him an "elbow rubber." He was an excellent politician at a firemen's ball, or in the annual gathering of the firemen at Minden, excellent at a stag party. He loved to get up and tell a little off-color story (and he could tell them beautifully), wander around with his friends, and challenging somebody to rattle. I can always remember him bumping Wally Rusk, who was a good deal bigger than he was, and

a young athlete, and asking him if he wanted to rattle. He was strictly down on that level, and an excellent man in that capacity. I don't think his speeches left anything to posterity. In public life, and in that business, he, again, reflected his earthy, down-to-earth qualities, ability to tell stories. And he just never had the opportunity or necessity as governor to exhibit any great capacities. And as I look back on it, it was rather quiet. Of course, the initial gaming bill came in, but that was just the start.

Governor Pittman was his lieutenant governor. And of course, when Scrugham's vacancy came up, we felt that probably he was going to the Senate, and that Lieutenant Governor Pittman would take over as governor, which he did. That ended my professional association with him, which had never become too involved.

After his brief term in the Senate, and, of course, when he ran against Berkeley Bunker, I was kind of torn in there. I was never very active in that. I wasn't active in any of the campaigns, really, but I did give my personal loyalties to the people I felt I owed them to. But I was quite torn there because I had always been associated with Berkeley Bunker, since he had appointed to the ways and means in the assembly, and we'd always had a good relationship. And I, like a lot of people, were quite distressed when Bunker ran against Carville. And then after Carville's defeat, he went back into private practice. I think he'd been a judge or a district attorney most of his life, U. S. Attorney. And as a lawyer (I think most lawyers rated him professionally) he was no great lawyer. Private law practice was just not his dish.

He, of course, came into the governorship on the basis of the conviction of Graham and McKay and their famous blue ribbon grand jury. But as most political experts of the day

recognized, he just happened to be the man in the position that got the credit for it. The government put that case together pretty well, and it was not from his abilities, or anything, that the prosecution was successful, although I'm sure he carried it on vigorously. And that, I believe, just propelled him into the office of governor in the campaign that I have covered previously.

Coming to Governor Pittman, of course, when he came in as governor, serving out Carville's unexpired term, that brought in A. V. Tallman as majority leader of the senate as lieutenant governor, ostensibly. And that brought my association with Tallman, which I think I have recited, in that period.

First off, Governor Pittman, Vail Pittman, I'm sure, was the first man to obtain national stature in the Senate from Nevada—or at least the first in our day—and, of course, was a very important, influential man in the Senate and in the party. Key Pittman in the old days *was* the Democratic party, practically. He was not only the titular head, but he was the head of the party.

Vail was just Key's brother. And although I'm sure that he was influential in the Democratic party in his way in days before I ever knew anything about it, and as editor of the paper in Ely, he suffered by comparison with Key, and-, I think, suffered unduly. I can remember the old party heads discussing Vail, and they brushed him off, at least, in the earlier days. I can remember of one of them—who shall remain nameless—that would hold up his finger and mark off a little portion on the tip, and say, "Key Pittman has got more brains in that much of his body" (the tip of his little finger) "than Vail's got in his whole body." And that represented at least one opinion, or pretty commonly held opinion. (I don't know whether it was commonly held, but held by a lot of people, and a lot of influential

politicians.) And that was not right. It was not true, and it wasn't right. But as I say, Vail suffered because of it.

Of course, his big thrust into politics came when I happened to be out of the state; I only know what I read in the papers on it. Of course, he did, with a lot of party support, virtually scare the life out of Pat McCarran when he ran against him for the Senate. From what I read of it afterwards, and as it was told to me, I think that was a little bit the same case as when Balzar beat Scrugham. I think McCarran was a little overconfident, probably neglected a little, at least, the work that he should do here. He was pretty busy fighting Roosevelt in those times and attaining national prominence. And I was told that it was only at the last minute that they recognized that he was in trouble. I believe Pittman had solid labor support, and had gained a lot of ground before McCarran's people spotted it. 'cause I was told right at the last minute, there were busloads of people came down into Basic Magnesium, which was being constructed at that time, and labor organizers and people to work to try to build Pat up in this field. And, of course, history shows it was a very close race.

But even the, people brushed him off by saying, "Well, he's trading on Key's name." A lot of people, I heard it all over: a lot of people still thought they were votin' for Key, they'd just know the name Pittman, and, "He's trading on Key's name."

But I found, when he came in as governor, that he was a very intelligent man, and a very likable person. All of us who were closely associated respected him. I respected him immensely. He had very much his own thinking. He was, yes, politically oriented, and acted politically in many instances. But as I've said before, and will have to say again, he never sold the state of Nevada short.

He was always very gentle with me. I tried to establish the relationship with him from the start, that I was in a very sensitive position to the state, in both the tax end of it (which was gradually building up in importance) and in the gaming end of it (which, of course, was important from the beginning to the state), that I felt that the Tax Commission, and particularly, myself, as its administrative head, should not be politically oriented, should not take part in precinct meetings, and things—not because I thought they were bad, but I thought the Tax Commission was the one place, if there be only one, that should remain politically aloof in these things, and not get involved with political favors, or political debts, and things of this nature. And I always had a little difficult time riding with some of my very good friends, who were political in their positions, and in their attitude, and everything else, and admitted it, and felt I should utilize the power of the position to build up the political end of it.

I never wanted our people to attend the political conventions of either party, although I was overruled on that on occasion, but not very often. For instance, very early in the game with Governor Pittman, I successfully established the posture that, for instance, in Las Vegas, if someone was raising funds, then Ray Warren, who was our contact man with the gaming people down here, should [not] be out selling them tickets, or benefits, or soliciting contributions, political or otherwise. I always felt that we should lean completely backwards and never participate in anything of that nature, and I used to be able to convince the governor, I thought, of that position. And he was a little lenient in his judgment of this, although, by nature, he was basically a politician, and I think there were times when he felt I'd let him down a little bit. But he never pushed an issue with me. I tried

to emphasize that. In all of the time, from then on, that I was involved in the Tax Commission and gaming, never—to my knowledge—did anybody ever working in the gaming field solicit political contributions, sell tickets, do anything of that nature. Maybe we carried it too far. [Laughing] Governor Pittman would be a little out of sorts sometimes, when I'd try to explain things like this to him, but he would go along with it.

He had the ability to sit back and listen, and I always felt—as has been said later to me, very descriptively of people I've been associated with—that sometimes he acted in one way because he thought it was politically expedient, and it didn't hurt anybody. But he knew, inside of him, which way was right and which way was wrong, and which way he should do it.

I can remember telling him one time of an argument with Henry Rives that I had. And I said, "Henry brought so many false points out in his arguments, and," I said, "I felt I had to point out some of those things that were false." I said, "He twists so many things, and twists 'em around so that they have an entirely different meaning, and I think I've got to point it out."

And he said, "Bob, you really don't have to point it out. Don't you think we can judge that?" He said, "Of course, we know when he's wrong."

But he would get a little hurt, sometimes, when his main people, and people who held the key jobs and worked with him the closest, wouldn't get out and make things a little easier for him in his path. I can remember always saying, "Vail wants us to get out and run interference for him, to the point where we've knocked down all of the bad issues and got everything pretty well knocked out, so that he can walk through the field easily and accept his laurels." He didn't like controversy, he

didn't. As I pointed out, in his appointments, he'd avoid them where he could. He acted in what he thought were best interests. And when the chips were down, he did. In my opinion, when the chips were down, he always acted to the best interests of the state. And he could reason it out—it was remarkable. This was a respect that grew as I associated with him.

His reasoning and his logic was good. It was intelligent, it was thorough. And he used to sit back, and he'd say, "Now, Bob, let's review this for a minute." Then he'd go back and he'd review it, step by step, and he was completely thorough when he did. But he felt, when he arrived at a decision, that his supporters should be able to go out and convince the people who didn't like it that he had acted rightly and justly, and that we should take the sting out of it, which, of course, we could not always do.

Now, when there were political issues, I think they were of prime importance to him in the matter of priorities, because he had been brought up that way in the old political school. I can't remember whether it was the first budget, or the second budget that I did for him—guess it must've been the second; it was the year of the hay lift. And the hay lift, of course, was far more important to the state of Nevada at the time than my budget was. But, of course, I didn't quite see that because I was forced to getting out a budget in fifteen days, and I had to make a lot of policy decisions, unless the governor was there to make them. He had his mind on that hay lift. And he just couldn't keep his mind on anything else. Now, the hay lift, also, besides being very important to the livestock men of the state, and rightly so, was also important politically. Very important. And I couldn't get him to think about it [laughing]. That budget was done, and I could tell, when he would try to

listen to me (and he would try; he was a very nice little man, very polite, very considerate) and he'd sit there and try to listen to me, and I knew he wasn't listening at all. Pretty soon, he would admit it. He'd say, "Bob, my mind's on something else." Then he'd call up, or a call'd come from the hay lift.

And I'll guarantee you, that budget—there was an awful lot of policy decisions that were made, and that probably built up my bad reputation, if it be bad, to that extent, that I was making some policy decisions. If I was, I was makin' ones I didn't want to make. But when, finally, I just couldn't get the time or get the governor's ear to where he could listen to it, I had to make 'em. And there were some hurt state officers, because I had slashed some funds in pet projects. I had to. They had to be slashed, and I had to make the decision to do it. It got me in trouble with Red McLeod and C. D. Baker. I remember that! [Laughing].

I used to go, probably more than to any governor—well, maybe not more than Charlie Russell. But I used to go up to the mansion frequently after work, or have a drink, and we'd talk about problems, or sometimes in the evening. Mrs. Pittman was a very charming, intelligent woman, and very much interested in Vail's career. And she used to tell me—and I thought it was well expressed. She realized, I think, as we all did, that Vail, sometimes, when he got upset in seeking for the right decision appeared to be confused and a little unsure of himself, or inept, you might say. But I learned that that really was not so. It was the fact that he was a man that could see both sides, and was torn and troubles, and in doing it, he appeared indecisive and irresolute. And she said to me once (I guess maybe it was in the famous case with the state police that kept us up nights), "Vail takes lots of time, and he appears indecisive, and he may appear to bobble around quite a bit" (which is about the

word for it), "but," she said, "he thinks things out pretty carefully, and he generally comes up with the right answer." And that was a pretty good description of him.

I don't think his administration—he was faced with annoying problems. He was faced, as every governor is, with big problems. But in reviewing it in the light of other administrations, like Russell and Sawyer, for instance, we still hadn't developed the terrific problems.

I may have contributed something to Vail's defeat by Charlie Russell—and I was completely loyal to him in the campaign against Russell—because I had convinced him, in my budget capacities and my tax capacities of something that I had felt for sometime, even back in A. V. Tallman's days. A. V. Tallman and I were also convinced that regardless of all of the hullabaloo that'd been built up about the nuisance taxes—and I can remember saying, "This is a lot of bunk, nuisance taxes; all taxes are a nuisance, and we've built up a straw man here, in this 'no nuisance' taxes, 'the cyclone cellar for the tax oppressed,' and so forth, and we're going to have to have a sales tax." And I know Vail was convinced of that. I had at least convinced him—and maybe I hadn't done all the convincing, either. He was a very intelligent man, and I think he could see the way it was running.

I was told by some school people, at least, that I was the first man in the state to ever speak about the sales tax above a whisper. And I did. I made a number of talks to Lions, Rotaries, and places like that. I can remember laughingly referring to it as my "crossroad speech." That was the title of it because I was pointing up that Nevada was coming to the crossroads in government, where we were going to have to abandon this thing that we bragged about so long. We were

in the position of a person bragging about something so long that we found we had a bear by the tail, because we had put ourselves into a position in which we were going to have to reverse ourselves.

Governor Pittman was quite quiet on that. And I can remember, I just wondered if anybody else had noticed it. But of course—and I'll get into that a little later—Russell's whole campaign was virtually based on "No Sales Tax for Nevada," because it was an important issue. And someone said to me afterwards, "Did you notice that Vail, in all of his speeches, and everything else, never came out and said we didn't have to have a sales tax, he did not support one?" And it evidently, to people who were astute enough to observe it, was reflected. Vail refused to let it become an issue. Russell and his people made an issue out of it. But he was so basically honest within himself that I think he knew it had to come. And I think it contributed, negatively, at least, to his defeat, because I think it was the issue Russell was elected on. But the absence of any vigorous opposition, or of taking the sales tax side—not opposition, but agreeing with Russell—he didn't. He let the issue pass. And I always felt that he was just basically that honest with himself that he knew it. You didn't have to be a prophet to know it; I mean, it was evident. But a lot of people, I'm sure didn't want to admit it.

We had gaming problems, but they were small ones. This was the time I have reviewed before, of rounding up small cheaters. And, of course, some of 'em were big frogs in little puddles, and some of 'em, like people who were politically interested in Wells gave us a very bad time. I think one of our first revocations was a man who was the state commander of the American Legion, was having a convention there, and had political friends, including John Robbins and others,

and we had to revoke a license from him about the time he was bringing a little convention to his town in another capacity. Those were stormy times.

McCarran, of course, had a hostility, a deep hostility, for Pittman because of the previous election. So even though they were both Democrats, that was not a very good relationship there. But most of the issues, as I remember, other than that, were just coming to a head. They were building up in Vail's administration, but they hit in Charlie's.

I supported Vail with, again, as I say, what support I could give personally, with my personal loyalties, completely, because I respected him. But I did not become active in the political conventions, in the rallies, and in the things of this nature, nor did I try to use the influence that we might have obtained in the Tax Commission or in the gaming [control] in his behalf to that extent, because, as I did with other governors, I felt that was the right thing to do. It brought a misunderstanding later—and I think I brought that out in my history of the Thunderbird case—with Vail when he ran against Charlie four years later. But my relationship with him was good. It was solid. It was built on mutual respect, and I think he did very well with the problems he had. I don't think he had the opportunity to become a great man. As the old saying says, the conditions make most great men. But he certainly served well.

It was during this period that I knew Alice Maher, who was his secretary. Alice was a very interesting, lovable person. She was Irish to the core, quick-tempered, admittedly politically minded. Politics was her game, it was her dish, and she lived it, and loved it. And she used to get exasperated with me on times when she felt that I didn't take politics seriously enough. In those days, Denver Dickerson was in the Employment Security

Department, an excellent administrative man, as well as a politician. Denver liked politics. Ken Buck, Forrest Bibb, all of them lived and breathed and ate politics. And, of course, while I liked them, and I think most of them personally liked me, we didn't have anything in common. Some of them, I'm sure, felt maybe that I gave the impression I was too good to get my hands dirty in politics. But it really wasn't. It was from another reason, as I've described.

Russell's campaign, of course, was a tremendous surprise. I thought Pittman was going to walk in with it, being a Democrat, with a Democratic majority, and so did most of his supporters. [William J.] Bill Moore was a supporter of Pittman's, openly, and financially, I'm sure, and every other way. I really didn't feel that Charlie Russell had a chance. Charlie, as we'll get into later, was a very inept speaker, particularly in those days. Because I say it lovingly, I can say it even stronger than that—he was terrible. He stammered, and in his speeches, he was nervous, he obviously was reading things that were written for him, and he didn't even read them well. He came from a two-year period of retirement, and, of course, had been defeated for Representative [in Congress], and wasn't really considered a strong candidate, or a strong person. And we just didn't give him that much thought.

I went on about my usual ways, but I, of course, heard things going around the state. And people talked to me, they talked politics. And, of course, in instances of this kind, I always expressed my loyalty to the governor, and his policies, and the things he'd done. But it was only late in the campaign that the same uneasiness began to develop that old-timers told me developed in the Scrugham-Balzar campaign, or in the McCarran-Pittman campaign for Senate. That

uneasiness in political situations has a way of developing this way. All of a sudden—you can't tell—nothing—you can't lay your fingers on anything specific for the reason, but pretty soon it begins to permeate, and you begin to get that little uneasy feeling that things aren't just right.

Russell's campaign, I can remember the radio spot announcements were just flooded with, "Does Nevada need a sales tax? No. Elect Charlie Russell, who protects you from the sales tax," and on and on, short spot announcements, all of 'em hammering, hammering, hammering, "Does Nevada need a sales tax? No. We can do without it." Lots of people told me they voted for him on that issue alone. And as I said, Pittman didn't join in. He could have, undoubtedly, from hindsight reasoning, at least, he could've nullified Russell's strongest argument by agreeing with him. But the man was basically too honest and too convinced—. Of course, he had the experience of better than a term as governor. (I passed over his first election after he'd served the appointive term because it was uneventful. There was never any question that he was going to be elected, I don't believe, and it was a very uneventful campaign.)

But I think it was the issue that elected Russell, more than anything else. I can't really remember of any other real important issue being brought in. They just hammered away at it, hammered, hammered, hammered, just constantly, those spot announcements, just constantly, on the thing. And Pittman could've nullified it if he'd agreed with him and taken the same tack. Then they'd've been forced into some other issue.

But in traveling around the state, I began to sense this uneasiness. And, of course, I, in coming down into the southern end of the state as I did quite frequently, I always had a series of stops that I made, simply because

they were, and are, always had been, favorite people of mine, for various reasons. But I liked to talk to them, I liked to argue with them, I liked to listen to what they were telling me. I always stopped by Yerington to talk to Walter Cox, the dean there, who of course, was a Republican. And I began to know Jack Carpenter, who was Walter's partner, and a Democrat, as we now know. But Jack was more the quiet one because he did the inside work. I always stopped there. Then I'd stop and talk to Jack McCloskey. (People in public life haven't changed. That's the same route that goes on now.) I'd get McCloskey's evaluation of the situation, as politicians do now. Then we'd come to Las Vegas. And, of course, Pittman's supporters were myriad down here. I can't remember the name of the organization. He had a Republican organization down here, but I can't remember it being particularly potent.

But I never really knew what was happening, because I [laughing] tried to keep out of partisan politics to that extent, and I guess I was a little slower than most people to realize what was happening. Jack Carpenter talked to me one time on my way back from Las Vegas, and was the first one to just point blank tell me, "Look, Bob. You're part of Pittman's administration, and you want to see him elected, you're in trouble."

And it really didn't dawn on me then, because Jack was expressing himself very diplomatically as to what he was telling me. But I did know he was telling me that Pittman was getting knifed in the back by people who should be supporting him. This was quite late, too. It was only a few days before election. And then, the uneasiness was beginning to be substituted by a definite knowledge that it had been done so professionally, and so capably, and so quietly, that McCarran was very effectively destroying Pittman without taking a public stance of doing it, because

they were both Democrats. And McCarran couldn't openly get out and—although I can't remember; he may have at least been quoted in favor of Russell. I just can't remember. But he just was in no position to become active in Russell's campaign, being the leading Democrat, one of the leading Democrats of the Senate. But it was happening, and happening real good. That was about the time, just a few days before election, that we realized what had happened to us, as they tell me Scrugham's supporters did, and McCarran's did in later elections, and we were in for trouble.

But even then, maybe the defeat of Pittman was not as shocking as the margin that he was defeated by. It was one of those elections, that an hour after the reports started comin' in, you knew. You might as well go home and forget it, because you could see what the trend was, and what was happening.

Vail, of course, like he did everything else, accepted it as a gentleman. He was a true Southern gentleman. And, of course, as we've already found out, it wasn't his last gasp in politics, either.

The Russell campaign later drove a little wedge into my relationship with Vail, which I always felt bad about. I think I've recited that I finally, just about the night before election, got it a little straightened out. But Vail, I'm sure, was quite cool to me after that. I know that Mrs. Pittman was. She was definitely very cool to me because I am sure they felt I could've done more. Maybe from hindsight reasoning, they came to the conclusion that I did, that his failure to take a stand on the sales tax was the reason for his defeat, and they felt that maybe I was responsible for it. But I never advised him, as a friend or in any other capacity, as to what to do. You didn't have to with Vail. I merely pointed up what I thought was inevitable.

And, of course, now, by this time, we had gone through a violent legislative session on the sales tax. I guess it was two years previous to the election, the sales tax came closer to being passed then—it may have been four years earlier—than it ever did again. (That was the legislative session that Cyril Bastian was serving his first term—and there's a marvelous man in politics. Ted McCuiston, of course, had come in in the session that I had come in, and served ever since. He was chairman of ways and means about that time. And people'd come up. And the sales tax was, even then, a gnawing issue, and people were beginning to get nervous about it. And right at the end of the legislative session, we were almost at our wits end trying to take out enough revenue to run the state without going into a major tax such as the sales tax.)

As I've always described it since (and it didn't originate with me) we had developed a "patchwork quilt" theory. We still do it to an extent, but not to the extent we did it then. And this is where all of a lot of these smaller taxes came in. We finally looked around to see just what was the minimum amount we could get by with to balance the budget. We did this as long as I can remember that I was doing state budgets. And we'd have to look for some revenue, so we'd grab it there, and the old quilt was beginnin' to wear out, and there was holes in it, so we'd slap a patch on it, and we'd come up with a tax that would produce \$100,000 or \$200,000. We'd monkey with something, raise this, or come up with a small license fee, or something else, to slap another patch on, while the basic problems were festering. We weren't solving anything, except being able to send the legislature home.

And in this particular session—God, it must've been around '49. My guess is that it was probably '49. Anyway, the session went down to the wire. We didn't have enough

revenue to balance the budget. It went into overtime, and they were beginning to, of course, get irritable and nervous, and step on each other's toes, and getting snappy with each other. We constantly slapped a little on the gaming tax here or there, would come up with some patches in that respect. The session was going into overtime again as it had done in Carville's administration.

Where I had a big advantage was I could always, whenever I had problems, I'd tell them to Alice Maher and she always filtered them for me, and then she'd say, "Well, you better talk to the governor about this," and I always got in. If there was somebody in there, she threw 'em out. And [laughing] I always got in, because when she thought the governor should know something, why, I always got in to do it.

Between the two of us, we did practically all the work on one message that he gave, probably that session I'm referring to. We always look back on it with satisfaction. We thought it was a pretty good message. Vail was busy, and of course, he didn't leave it entirely up to us, but we put the most of it together.

Anyway, we were down to the end of the session, and then the sales tax began to build—the support for it. And it came closer then than it ever did up to the time that it passed. It looked as though we were within about one vote of getting it in the assembly—I think it was the assembly—in one house—and we felt if we could get it through one house, (there was an awful fight) we could get it through the other. They were beginning to see we were going to have to have it. Oh, they had some violent arguments! I can remember C. D. Baker slammin' that door and comin' out of there white as a sheet, as mad as I ever saw him before or since. He didn't want it, of course; he was a good Taxpayers' [Association] man.

We were in overtime, and again, I think Alice and I were talking to the governor of jogging them along, because it was obvious that we were in overtime, and the people in Nevada in those days were always impatient with overtime session. We felt that they were in overtime simply because they would not make a decision. They didn't want to make any, so they just dawdled. And legislatures frequently do this. I used to say, [they] just virtually sit and look at each other, and know, eventually, they're going to have to come up with an unpalatable decision, or a solution to an unpalatable problem, but they just don't want to face it.

We did get him to send a critical message to the legislature, one of his messages after the time was over, pointing out to them that they—in a nice way. Vail had a way of working things over. Anything that we ever worked up, he could work over in his own nice way, and say it. He tried to veil it as much as he could, but he still told 'em that time is running out, and that they'd better solve some of their problems. Of course, he left it back, way back, I'm sure, the same problem we discussed once with Carville, on the original gaming tax issue, that he, as governor, had power to close the session and send 'em home, and then indicating that he had this power. But it was way back, 'cause Vail didn't want to do that. But we wanted him to point out, at least make it evident to 'em, that this was his big stick. And it always is a governor's big stick when the legislature dawdles.

I can remember sending the message up, and sitting down (it was nine or ten in the evening; they were in evening session), and listening to the storm. We knew the message'd be read. we knew when it was going to be read, just before they adjourned. And there was a storm of angry voices, and footsteps comin' down the stairs, and some of 'em were pretty

mad. I can remember Jim Ryan was very vociferous, because there was nobody who was more opposed to a tax than Jim Ryan, and particularly the sales tax. And, of course, it was the same reception. His supporters didn't think it was too bad, although I don't think anybody was really happy with that message. It was a short one.

Later, it became very obvious that if they could just get a little momentum, the tax could pass.

Well, by this time, some of the legislators had gone home. Cyril Bastian was one. And Cyril was a strong enough man, was and is a strong man, morally and in every way, to take a stand, and the courage to make an unpleasant decision. But this was his first session, and the antics of the legislature—and it's done this to many men—had just completely disgusted him with the legislative process, the government. He didn't think they were getting anywhere, you could see so many loopholes, and so many things that are wrong. And then he was sick, and I think part of it was brought on by his concern. And he just said, as I remember, just finally said, "I'm just too sick. I'm goin' home."

So then, when we began to count noses—and I say *we* because I tried to keep it on a professional basis with the budget officer, that it was the surgeon's knife, and we had to cut it as fast as possible and maybe we'd've had some casualties from using it, but it should've been done. And I still say it should've been done four years before it was, at least. But then we began to count again, and we found out that we were a lot stronger than we thought we were, and that if we had had the people who had gone home that were on our side, it could've passed. But, of course, that was too late.

I was constantly discussing this with Alice and the governor, and we'd sit during the

session, particularly in the evenings, and talk about it. So late in the session, a delegation came down to the governor's office from some of the leaders of the senate (I think most of them were Democrats). There were eight or ten of them. They said they wanted to talk finances and financial plight, and Vail sent word for me to come in and sit down with them. And they came down and made him the flatout proposition, "Governor, we know we need a sales tax. We know it's the only solution. We've finally decided that, and we know it's unpopular. But some of—," and some of 'em were there. This had happened, and it's happened many times since. Legislators who are interested in being of public service should always remember that lesson: Some of them had come out early and had made a statement that they were opposed to a sales tax, would not vote for it, before they knew what the problems were. And then, when they got to the legislative session, they were sorry they'd ever opened their mouths because they could see that it had to come, and that they were doing themselves and the state a disservice by taking a position before they knew what they were talkin' about. So they said, "Some of us told our constituents, had run on the policy, that we would oppose a sales tax and could not vote for it. And we can't vote for it. But if you will adjourn the session, and send us home with the instructions to work out a solution on explaining the problems to our constituents, and then call us back into a session, we've got strength enough to pass the sales tax. But we can only do it if we can go back and mend our fences and then come back."

It was logical. Of course, being a little impractical in political situations, I felt that it was the surgeon's knife, and it should be done. But it was very distasteful to Vail, and occasionally—and this was one of the occasions—it didn't take him very long

to make up his mind and tell you how he thought. When he got excited about something and took a he took it for good. And he just told 'em, "Gentlemen, that's not right, and I'm just not going to do it. It's your problem. You owe the state a solution to it, and if you can't solve it that way, I'm just not going to pull your chestnuts out of the fire for you by doing it this way."

So the session blew without the sales tax. I can't remember— they came up with something, dug something out of the woods somewhere.

But I do remember this: there was at least one session, or two sessions, in between that time and the time the sales tax was ultimately passed—I think two sessions—and it was never an issue again, as it was in that session. I mean, it was festering underneath, but nobody ever faced it as an issue, and it never came out into the open again to that extent. And they may have talked about it in committee meetings, and one thing and another, or privately. But it was never the issue that it was until it was passed, I believe, in '55.

But Vail took his stand there. So this all ties into the fact that I'm saying he knew what the picture was, and just couldn't bring himself to taking what he knew to be a false position.

Now, I don't believe that Charlie Russell knew it was a false position, or had any way of knowing, because [he] hadn't been exposed to it. He'd been away in Congress for a couple of terms, he had a two-year interim period in Washington, and I just don't think he was familiar, and he let his campaign be run on that basis. But that's the way that ended up, and we were a very said and disillusioned bunch of supporters when we found that Russell had come in by a large majority, and that we had a new governor.

I had known Charlie in school. We were in the same class in school, although we were on different sides of the campus, never personal friends at all. We were acquaintances. And I had known him in the legislature in the '39 session that I served, with respect. Again, we were more acquaintances than anything else. He served on the ways and means committee that year when I was chairman, very cooperative, very intelligent. And I knew him as state senator only slightly because he was not a finance man when he came up from Ely as state senator, not interested in it, as Tallman and Dressler, and those people were, so I knew them much better than I knew Charlie. I had no unpleasant feelings about him, I had no bad history with him, or any history of controversy of any kind. I have to admit I was not overly enthusiastic about him when he came in, primarily because of his ineptness in his public appearances and his expressions of this kind, and his personal manner, which I'll come into later. You have to know Charlie, to know these things.

Of course, I had gone through that experience once in the state controller's office. Each four years, in those days particularly, and still in positions of this kind, you get a change of administration when you're sitting ready to pack, and you don't know whether you're going to stay or whether you're going to go. I think most people that are in positions like I was on a number of occasions always feel they've got things to do that have not been done, and that they need more time to carry out the things they'd like to carry out. But I was told that election night, discussions were on down in the victory celebration that I was slated to stay, that they were not after me. And, of course, people who didn't agree with me, or who may have been enemies—I don't know that I could express 'em as enemies—also attributed that to me, that I did that because

I didn't want to become involved in politics, and that I perpetuated my own job in this way. Well, maybe I did, to a degree, but it was never my motive for doing it.

Now, during this period, Forrest Bibb was serving as budget officer and assistant to the governor. Now, up to this time, I had always operated through Alice Maher, his secretary, and she carried all of the water, political and everything else. The governor's office was composed of the governor, his executive secretary (Alice, in this instance), and another girl in the inside office, and that was it. That's why I served—so many years in the ex officio capacity of budget director, and things of this nature; everything else had to be done by department people around him, people from other departments.

They felt they needed an assistant to the governor, and they did. But in order to get the position established, Pittman I think, stated in his message—wanted an assistant, and wanted a job created and a secretary for him. Yet we were always in this position in the early days, and I was always a little sensitive and a little hard on governors in this respect, in that I tried to, again, gently point out to 'em that it was pretty difficult. [Laughing] I always had this problem with Vail—it was pretty difficult for them, which they had to do, to slash everybody else, and say, "You can't have additional help; we're not going to create any new jobs; we cannot increase your budget more than just the usual inflationary increase," (and it was small in those days); "hold the line," and then when you come up with your own budget, and double it, because then, of course, governors, like everybody else, when they get involved in their own situation, begin to see the needs they've got. [Laughing.] And Vail used to argue his needs with me, as though I was the one that was going to make the decision, because, again,

that was his way; he wanted to convince you that he was right. And he'd start telling me of why he had to have all this extra money, and I said, "Governor, I'm not arguing with you for a minute." And I told others the same thing. "I'm not arguing with you for a minute that you don't need 'em. I just am trying to point out to you that you're in a position here where your department people also feel the same way, and you're taking one position with them and a different one with yourself."

Again, he was a fair enough little man that he'd reason it. But anyway, he'd come up and ask for an assistant and a secretary for the assistant, and those were hard days to get anything out of the legislature. So in order to get it, they had to make him, again, the old combination, combining things, *ex officio* budget director and assistant to the governor. It was a dual capacity. It was becoming very obvious. In fact, I was out. It was obvious to me, and the people that I worked with, that gaming was all I could handle. I was doing enough to handle the jobs of gaming and the Tax Commission, and I just couldn't devote the time to the budget business. So Forrest was appointed as budget director and assistant to the governor.

But I knew, from the beginning, what was going to happen. Because in Pittman's mind, he was assistant to the governor, he was [laughing] to take care of his political problems and the problems of that nature, and the budget thing was just completely passed by. Of course, they always knew they had me sitting back there. I told them I'd help them wherever I could. But they had me sitting back there in reserve. So Forrest paid little attention. He used to come in and talk to me often about problems, and budget problems, and I gave him background in that. But, again, Forrest's interests—he was a very intelligent man—were in getting Pittman

reelected and serving as his assistant, but he had the unfortunate position of having the title of budget director. Which all brings us to the point that when the budgets came in—. I had pointed up to Forrest what he had to do in a preliminary way, and this was after they came in, after the election, after it was obvious they were defeated.

So all that happened to the budgets is the day Forrest and Alice left, which was the first day Russell came in, the budgets were piled on the desk and had never been touched. And if you take out the New Year's holiday, by the time you got to work, you had a pile of budgets from all of the state departments that had never even been read, or evaluated in any way, that had to be presented to a legislature in less than three weeks.

I knew there was a problem there, but I also knew it was not basically my problem. It was understood I wasn't even supposed to have anything to do with the budget end of the job. And so it piled. And I knew this was coming. I knew what was going to happen, and I also, I think, deep down, knew when the bell was eventually placed on the cat, who the cat was going to be. Russell had made no contacts with me in the interim period. As is my nature, I just figured if he wants to keep me, he'll keep me; if he doesn't, he'll fire me. I didn't approach him—it's one of my shortcomings, I guess. I didn't approach him and ask him, but maybe I should have. I just waited for him to make the decision.

So I'll never forget it. We were out in the quonset huts in those days. They had two quonset huts put together on the capitol grounds because there was no room in the capitol. (This was when we had separated the Tax Commission from the consolidated offices of the state auditor and bank examiner, which is another story, but I probably won't get around to that.) But we were sitting in two

quonset huts, connected, out in the capitol lawn. I think it may be hard for people now to visualize that. We didn't have the room to grow. We just got two quonset huts through the highway department (because we did have a budget with the highway department in our gas and use-fuel tax), and set 'em out on the lawn by the Employment Security Division, and we sat there in these two quonset huts that were remodeled to make us as comfortable as possible. We moved there in '48. I was never overly concerned about offices, or plushness, or anything of that kind, as long as we had a place to work. And that was adequate, I suppose, at least to my limited standards.

And I can remember standing there in the quonset hut. And of course, the people who worked in my department—the department was small enough, I had a very good personal relationship with them, and they were all concerned about me, and, of course, indirectly, for themselves, because the state merit system hadn't come in at that time, and all their jobs were political in nature. Again, maybe I'm taking too much credit, but they were not political in the Tax Commission office, and I'd always managed to convince governors that it was no place for political appointees. I said then, and I said later, the Tax Commission is a technical job. They're supposed to be people that know their business. They've got to have some training and background, even in those days. Now, of course, we do have a spot here and there that just 'most anybody can fill, and I'm not averse to filling that with a friend of the governor, or a good political person, or anything else. It just requires that they've got the capabilities that it takes. We had two or three spots like this, but most of 'em weren't. We had built that commission up from the beginning. Little by little, I had added people like Bill Gallagher, and I had Roy Whitacre for awhile,

and Chester Wood for awhile, and people of this kind, Ed Price, who came in and was a very competent auditor, people who, at least, for those days, were professionally qualified.

But they were concerned about me, and indirectly, down to themselves, of course. And everybody was saying the same thing. They said, "Well, you're going to stay. Everybody knows that. This is all over town," and, "No, they're not looking for anybody in your job."

I said I was a little in the position of the dice in my old story about Bill Bailey's crap game, when he says, "*You* know that I'm on the right side of the table from the odds, and *I* know I'm on the right side of the table, but the *dice* don't know it." And I said, "In this instance, I'm in the same position. Everybody says I'm doing all right. And I've heard from everybody that I'm in good shape, but I'll only believe it when I hear it from the horse's mouth," of course, meaning the governor, himself.

Well, as a matter of coincidence, I hadn't gotten the words out of my mouth—believe me, this is literally true—when I said, "I'll believe it when I hear it from the horse's mouth," and I was standing by a desk, and a man passed me the telephone, said, "Bob, it's for you, a telephone call for you."

The voice on the other end of the wire said, "This is Charles Russell." He didn't say Governor Russell, or anything else, but, "This is Charles Russell." He said, "You may have been wondering what's going to happen to your job. And," he said, "I thought I would like to dispel that." He said, "If you would like to stay, I would like to have you. And," he said, "I've got lots of problems, and I need you, and you can help me out a lot, and I'd like to have you stay."

I said, "I would be very happy to do so." And that was about the extent of the conversation.

I turned around, and somebody said to me, "Who was that?"

And I said, "That was the horse."

It took a little while, and they all looked kinda blank— of course, that's my usual, obtuse sense of humor. They all looked kinda blank for awhile and said, "What do you mean, a horse?"

I said, "I just now heard from the horse's mouth. That was Governor Russell." And then pandemonium broke loose, and everybody was very, very happy.

We knew by this time he had brought Chet Smith in from Washington, and of course, Chet was going to be his main assistant. Charlie had inherited from the Pittman administration that his main assistant was going to be budget director. And Chet never, at any time, ever made anything but a complete, candid acknowledgment of the fact he was not coming from any background of knowledge or desire to do any budget work. He was coming in, trying to help Charlie in the aspects of the job as assistant to the governor.

So I immediately was taken into Charlie's high level conference, which was about as high level as the poor guy could make it at that particular time. Jeff Springmeyer and I were selected to sit with Charlie and Chet to bring them up on the background of what they were being injected into, because Charlie and Chet both were being propelled and injected into a situation that was beginning to build up, without, really, either one of 'em ever being exposed to the background, because, as I pointed out, both of 'em had been in Washington, had been away from Nevada, and were, admittedly, not familiar with the problems. And neither one of 'em were, really, state government people. Charlie had gone through the legislature, but did not have any professional knowledge of state government.

I think that it was pretty generally agreed at that time—it's no longer the situation—that Jeff and I, between us, had most of the basic background in state government from a point of view of a student of government, and a person that had worked in government.

So we did. We spent hours and hours going into the background of these things, explaining the tax picture, the tax situation, the legislative picture, between us, we spent many hours. I'll never forget either one of 'em.

Chet, admittedly—and, as I say, he always was very candid about it—just sat there rather nonplussed in most cases. Chet knew a lot of the political background of the state. He'd been exposed to it from Washington, but these were state problems. Charlie, as I learned to know so well later, just sat there and smoked one cigarette after another, grunted occasionally, and would come up with half, or uncompleted, statements and mumbled a little, doing the same things he'd've done in the campaign, I guess. He was not a person to immediately inspire you with great confidence that he was the head of state, and from here on out, we were rippin' and tearin' out full speed. As I'll cover later, you have to know Charlie to penetrate through these things—very quiet, and, as he always is, very quiet and soft, listening. Charlie always knew more than you thought he did, because of his quietness and his way that he went about it.

I can remember him once, in between lapses, of saying, "Well, Chet and I have been sittin' here listenin' to all these problems, and we just don't think we're ever goin' to really catch up with 'em." He said, "We just, both of us, wonder if we couldn't just call things off [laughing], and give it back to 'em, and go back where we came from, and forget about it." I know he must have felt that way.

Well, after some of these early conferences, and during them, I, of course, had to go to

work on the budget from scratch. And, of course, they were not the involved procedure in those days that they are now, by any means. The budget instrument was pitifully small, compared with the one you see now. It was done by one man. In work sheets, and in my own hand, every word of it was done, and in the same way with George Allard and those before us. And then we'd turn it over to other people to check, and cross check, and type, and proofread, and so forth. But it was a full-time job for awhile, I'll guarantee you—by one man. I used to spend sixteen, eighteen hours a day working on it, because of the time element being what it was. But, of course, it was something you lived with and were completely familiar with, and it was just a little bit of second nature.

That first year, we didn't have any terrific financial problems that I remember, although, as I say, many of 'em were starting to fester. We knew the sales tax was out, and had to be, because of the campaign that had been made on it. And so in a period of some sixteen days, or something like that, I—of course, weekends, we worked just the same, sixteen hours a day, the same as we did any other time. We had to. And the people who worked with us did. And you might stay up all night the night before the deadline, people typing and proofreading, and everything going on. But anyway, I got the budget out within a prescribed period of time, and without too much difficulty, other than the long hours of work.

Of course, Charlie recognized that fact. I don't think, at that particular time, and in that place, that there was anybody that could've done it other than myself, because it was something I'd done for many sessions before, and was completely familiar with the thing. Somebody that would've come in and tried to start from scratch would've been in

trouble. But Chet Smith, as I have said before, at that time, or later, during dealings with the legislature, just left it entirely to me, just told everybody, "I'm not a budget man. I don't know anything about it. He does, and he's doin' it." So we had no problems at all. Chet gave me complete cooperation. He says, "I'll help you wherever I can. You can have help from our office wherever we can, but I'm not going to get in your way." And he knew that it was a rough job, and something that had to be put out. So we did. We got it out.

I think probably Charlie's first session was a typical honeymoon period with the legislature. They're always kinder to governors in the initial session than they are later. You haven't got time for things to build up, and crosscurrents to build up, and enmities to build, and toes to step on, that there are later. And I don't recall anything immediately in that first session that was particularly out of the general trend.

Of course, our gaming problems and our tax problems were starting to multiply. Going back a little bit, in 1947, passed a law setting up an equalization division in the state Tax Commission. And it was set within the Tax Commission, and, as in some cases later, we decided that it had to be run by a professional, the best man that we could get. And we again agreed that politics couldn't enter into it, although there certainly were cases where they tried to. We provided for a salary not to exceed \$7,500 per year for the man. Well, that doesn't sound like anything now, but it was a gesture on the part of the legislature that recognized it as the most pressing problem that was before 'em, and that they, with one sweep of their hand, had made this magnificent salary to assure getting the proper person in the job.

My salary, as head of the Tax Commission at the time, I think, was \$5,500. It seemed

to me it was a \$5,000-a-year job and we'd gotten one of those famous temporary ten percent raises for inflation, or five percent a year, or something. I think it was \$5,500. And, of course, they were putting someone in as the head of this equalization division, which, theoretically, at least, was within the Tax Commission and was set up, both in the law and by the Tax Commission, as within the framework of the Tax Commission, of which I was a titular head, so to speak, and administrative head. So here I had a man presumably working for me, but making \$2,000 a year more than I did. And that really didn't bother me. It bothered some people, I guess, but it didn't bother me.

But we had conducted quite a long search. I can remember going to Oregon and various places. We, of course, interviewed some people locally, although it was a technical problem, and there was no one within the state that had had any experience in this line, because assessing, and assessing for equalization could only be learned in the assessor's office, or in the state office that had been involved in it, such as the state of California, which, of course, has a state board of equalization, and did have what was, for those days, a very sophisticated setup and people who were experts in their field. We, at this time, didn't even have a personnel system.

So I interviewed people in Oregon. I learned something I think I've mentioned in my discussion of the Gaming Control Board. I learned that while \$7,500 for those days, 1947, was a tremendous salary in a public job, that we couldn't get a \$7,500 man to fill it, because if he was making \$7,500 where he was (in this limited field—I mean, limited in scope—there's only certain places you can find this experience) they weren't going to pull up stakes and come to Nevada. They were either someone who felt frustrated in the

department where they were, and that they thought maybe by pulling out, they could do better. I interviewed one man who was ready for retirement from the state of Oregon and felt it would be a very excellent job for him, but he'd never been a department head, or involved directly in this problem. So we had a lot of problems with it.

I went to California and talked to Dixwell Pierce, who had been secretary of the state board of equalization for many, many years, and was a very fine man, a very good personal friend of mine, was very good to me, helping me get started in the regional and national meetings, and kinda sponsoring me a little. So I went to Dixwell with my problem. He tried to help me.

And just out of a clear sky, [came] a man that I had known in college, belonged to the same fraternity with, and had always liked (I had never been an intimate friend of his; we didn't travel in the same group, although we did belong to the same fraternity) by the name of Charles White. Charlie White was an engineering graduate from Nevada, native of Truckee, and after working in the Sierra Pacific Power Company for a couple of years as an engineer, he went and started with the division of assessment standards in the state board of equalization of California when it was created. And like everything in California, it was years ahead of us. He'd been in that division for, I don't know, eight or ten years. But he did start with the beginning, and this was exactly what we were creating by this act, a division of assessment standards. So he did have the background of experience in the very field that we were looking for. But he had seniority with California (California had a merit system) that he didn't want to give up, although he wanted to take a crack at this Nevada job. It was more money than he was making, because he was not an executive, as

I remember, in the division, itself. He wasn't the head of the division, or even one of the higher paid men in the division, but he was a good workman in the division. He used to do special studies and special works for 'em.

So I talked to Dixwell about him and Dixwell spoke very well of him. I wouldn't say he was enthusiastic about him, for reasons I later found out. But ability-wise, experience-wise, and also, [because] we felt we were doing something in coming up with a Nevada one, because we were still in the day—it's not entirely gone now—when, as the old saying used to go, "We firmly believe that not only can you find a Nevadan for the job, but you can also find a Nevadan who is a Democrat for that job, and you shouldn't give your jobs to anybody else."

Well, I never belonged to that school, but nevertheless, we thought this would be a little bit of a salve in that respect, because he was a graduate of the University of Nevada, had worked here locally after getting out of school, and we were bringing back an old home boy. At least, I tried to put it out on that basis, but it wasn't very well accepted by those people who thought we should have someone familiar with Nevada's problems, and locally. (Generally, you know, that means people that are supporting that. That means somebody they can talk to, and somebody who can be influenced by these same people.)

Well, so anyway, we brought "Barney" White (as we called him, those of us that knew him) with us on a loan from the California State Board of Equalization for two years. Dixwell took it through the board, and agreed to give him—I can't remember whether it was for two years, or whether it was year with an option for renewal for a year—with the understanding that he could get us started, and by that time, could both make up our minds as to whether we wanted him to

continue to carry it on [and] could make it worth his while. At least, we'd have a division started, and he wouldn't lose his seniority on a complete gamble.

This is the reason you can't get people like this, of great stature, for jobs like this, or as the problem we had in the Gaming Control Board, because they're just not about to pull all their stakes and come out to a place as foreign as Nevada if they are men who are capable of earning that kind of money in their own place.

So he came out and set up his division. We were very handicapped for space. We tried to crowd 'em in the old quon set hut. We had an appropriation, I believe, of \$75,000—\$50- or \$75,000, I've forgotten—which was considered quite good. The legislature was going all out to provide this department for us, because as long as I can remember, even back to the days [when] I was in the legislature and talking to people like Ed Mulcahy and other people who were familiar with government, there was always the argument, or the attitude, that the property tax is so full of holes, is not administered properly, we don't have equalization, that we have to clean that house first before we go onto any new sources or types of taxation. And this was an argument that was used against the sales tax: Let's clean the house we've got first. And when we've used the potential there, then we can talk about some horrible new taxes to foist upon the people of the state.

Of course, the property tax is that kind of a tax. It's an impossible tax. It's impossible to administrate fairly. It was designed for an agricultural society when land and property was the measure of economic wealth and the measure of business. And it's an outmoded, outworn, impossible tax. I've changed my mind on that, and I first heard that expressed when I first came to the Tax Commission

in an early regional meeting. I didn't realize how true they were. Nobody is happy with it, because nobody likes a value somebody else puts on their property. And it's always going to be criticized.

But anyway, it was a logical start, and this was the reason that was given, "Let's clean this house. Then we'll talk about new taxes.

So Barney came in. He set up a staff of four or five people. He had to start from scratch, and it was well that he had been through so many years of it in the state board of equalization 'cause he knew what he was doing, which none of the rest of us would've known under the same circumstances, as it was an entirely new field. And he had to train them. He was the only one with technical knowhow. He just said, "I'll set up a staff, and I'll train 'em." That was, admittedly, the way we had to go.

Let's see if I can remember the first staff he had. He had Wilbur Stodieck, who is now a merchant in Carson City, for the rural values, because Wilbur came from Minden and was a farmer. And then he brought in Victor Becaas, who's now with the FHA; Beverly Perkins, who ran for assessor down here a couple of times, and was runnin' for sheriff, and has been U. S. Marshall down here; Glen Frey, who is the present head of the division of assessment standards, and has been for many, many years, in the Nevada Tax Commission; and I don't know just where in sequence, but Oliver Kistler, who worked later for the Tax Commission for many years; and a little later on, Brice Leggett, who is an appraiser today, and in the appraisal business. Brice was probably the brightest of all the young fellows that were in that staff.

Barney did what he said he was going to do. Now, we were starting with supposed equalization in agricultural values, and land values, and livestock, and so forth, and in

urban areas, but not in the utilities. That was not part of their scope at the time. (That's a story in itself, the assessment of public utilities in Nevada.) So Barney started to work. I got to know him much better, and liked him very much. I know he did me. We, of course, were much closer at that time than we'd ever been in school or in any of the time that I'd known him more casually. He went at things rather roughshod at times, and his diplomacy left much to be desired, and he knew it. He was blunt, he was a natural wit, but would lapse into sarcasm at times. It didn't do him any good with people that he dealt with. He'd get a little sarcastic, and sometimes would set 'em off. But in that stormy two years that he had there not even his worst enemies [would] say the man [didn't] know his business. And we were very fortunate to have a man that knew his business, because he trained these other fellows, and he did it in a short time. But he made an awful lot of enemies. It doesn't take very long to make enemies in that business. [As] has been found out since, the more you accomplish, why, the more enemies you make, the more they're after you.

Between us, we recognized that I had a faculty that he didn't have. I didn't have any of the knowledge, any of the technical knowhow, the experience, but I do have the ability to handle people, and get along with people, much better than he did. Later on, Governor Pittman recognized that, and sent me out a couple of times with instructions, very plain instructions, to go along with Barney and try to keep him from getting into trouble with his lack of diplomacy. He was an engineer, and he was a capable man, but in these discussions that we had, he used to—and we'd talk about this, because he knew it, and I knew it, and we'd talk about this end of it—he would come forth with an argument that was pretty hard to beat down. And he would say, "Look, I have

very little time. I've only got two years. And I just can't stand around here pussyfooting and waiting for everybody to like me, and to agree with these things. I've got a job to do, and I've got to do it as fast as possible, and I'm sure I'm going to make some enemies, and I'm going to cause some troubles. But I don't see any other way to do it, because if I don't, I'm not doing what you brought me in here to do. And," he says, "I may stay and I may not. But," he said, "in two years, I've got to make or break it and I just haven't got time to pussyfoot and be sensitive of peoples' feelings, and so forth." And that was the way he worked, which kept me in a little hot water, sometimes, trying to smooth out little waters after they got pretty ruffled.

He did an excellent job in training these boys. It was amazing, the short length of time that he whipped them into shape, 'cause not a one of 'em had experience in this particular field. They were bright youngsters. They may have had some background. Most of 'em were kind of intrigued with the possibilities in the field, as shown by the fact that a number of 'em have stayed with it later.

Wilbur Stodieck quit before too long to open this men's store that he's still in, in Carson City, and then we hired a man by the name of [Robert C.] Bob Turrutin, who was an old, old-timer, been in the livestock field, and a wonderful gentleman. He'd worked for Moffat in the livestock business, and nobody could say a word against him or his background, or anything else. He knew the livestock business, and nobody could say a word against him or his background, or anything else. He knew the livestock business, and the rancher's problems. He worked for Moffat, he'd worked for the banks, I remember, at times, on their loans, and one thing and another. Bob was a wonderful old gentleman, but he was retired, he was at the end of his career, and he was

just trying to keep things in balance. He and Barney rubbed a little because Barney was more aggressive—young and aggressive—and he just couldn't see eye to eye with Bob on a number of things. But the agricultural end was a separate end of it, and I might say, the most sensitive end.

But anyway, the division worked on this basis. We had to finally get Barney an office in Reno. We didn't have room in the old quonset huts for him. He wasn't used to doin' things the Nevada [laughing] way. He was used to more sophisticated things and the ways of the California State Board of Equalization which is one of the best in the country, was the, and still is. It's got men of national stature in it in their fields. But he did an excellent job in setting up these boys and teaching them as much as he could teach 'em in the time that he had.

Where he fell down was in dealing with the taxpayers, and the people with influential political stature. Nobody likes to see their taxes raised, and property tax is one of the worst. And ranchers are probably the most difficult group of taxpayers. They live so close to the land, and they work so hard. They are, without question in my mind, the most difficult group to work with, and try to reason with, particularly when you're increasing their taxes a little bit.

Barney got off on the wrong foot with the assessors. He just couldn't baby 'em and pamper them along. And assessors are—assessors are assessors. They broke the mold when they made 'em. They're just not like other people [laughing]. I'm sure their job makes 'em that way. And, of course, they're elective officers. The fault of the property tax system is you expect an elective officer to do a punitive job, a job that has punitive results, and doesn't make friends. So he's sitting in office for four years and trying to be fair to

the taxpayers and to the state, which is the difficult thing to do, and then go back four years later with his hat in his hand and ask them to reelect him, after he's raised their taxes. And like governors have found out, this is the surest way to get defeated. So assessors, of necessity, are kind of—. And this was where we reason that every state has gone through the same problems and the same troubles, is that they kinda let things bounce in the status quo. And this was what we were trying to change, was the status quo. But Barney had his problems there.

Of course, I always had my problems with assessors, too. I had some very good friends, and some that were much more difficult to get along with. One or two of them, Barney and I had in common. (I know I've digressed to get onto this subject, but I thought I should bring it up to the point where we got into Russell's administration. It was a stormy, stormy twoyear period.)

I kept working at him to just keep things down a little 'til they got more used to the idea. I didn't want to see him go out and start charging like a bull in a china shop on the thing, even though, basically, I had to admit that he was right. Oh, I got injected into one argument after another. Whenever he'd get into 'em, why, either the people themselves, or Governor Pittman'd send me along, and say, "See if you can't quiet Barney down a little." But it was a stormy, stormy period.

Then, not too long before this '49 session, he made two serious tactical blunders, if you call survival a necessity, and anything that destroys that a blunder. He made a couple of very serious tactical blunders.

He took on Kennecott Copper, and my friend, Walter Larsh, who later came with the Tax Commission. And Henry Rives *was* Kennecott Copper, and it was his heart and soul. At that time, in those days, Kennecott

was *the* mining company, *the* big mining company in the state. Anaconda hadn't come in, and there was no question of its dominant position. And it was through the officers at Kennecott for many, many years that Henry Rives held his position in the Nevada Mine Operators Association. It was the dominant industry in the state.

So Barney tackled them, decided he was going to look at their books. Now, the law says that he could see their books. They should make 'em available to him. But Kennecott didn't agree with that, and Henry Rives disagreed most violently. I can remember his orations and arm waving yet, mopping his brow, and getting redder in the face, and waving his arms. Also, Barney wasn't getting along too well with the assessor of White Pine County, who had been in the office many years, himself, and who was just as rugged and firm an individualist as Barney was, in a different way, for the assessor's side. And the assessor, of course, took his usual defensive position, in that, "You can't single out Kennecott. You show me where all the rest of these things are straightened out, and I'll go along with Kennecott." And, of course, Kennecott was the dominant industry in his county.

I went with Barney, at the governor's instruction, to kinda try to keep him out of trouble as much as possible. We met with Walter Larsh, who was then general manager, and John Kinnear, Sr. who was the subsequent general manager, and who had been elevated at Kennecott, and they weren't very happy with us. Barney said, "Well, I've got to see your books." Now, I think they knew—and I think maybe Barney knew—that really, the books at Kennecott Copper were just too vast for any one man, no matter how good he was, to make too much of a dent in, and in the time Barney had, 'cause he was trying to run everything

at the same time. I think they knew that, and realized that, and probably Barney did, but he wouldn't admit it.

They gave us lots of reasons. They weren't going to show us the books, and Barney said, "Well, it's the law. You've got to show us."

"Well, you tell us what you want, and we'll give you the information. But we're not going to send you out into our books. We've got secret processes, and secret things in there that we can't disclose, that might be disclosed to competitors." And, of course, even in that day, and particularly in Nevada, the idea of auditors goin' [through], and "Big Brother", just wasn't as it is today. Now, I think they're used to some government person, from a federal, or local, or state level, shredding through 'em all the time. But they weren't then.

And I can remember Walter Larsh asking me, "What are you going to find out from those books?"

Barney said, "I want to find out what your power equipment cost you, and what your equipment out there costs you, what its value is. I want to find out what your railroad is worth."

And they said, "Well, tell us what figures you want, and we'll give em to you."

Well, Barney had his head set, too, and he said, "I want to see the books. I don't know everything I want, but I want to see the books, and I'm not going to take secondhand figures. I want to get 'em, myself, out of your books."

Well, that was where the matter ended, because they weren't about to do that.

I remember very well of Walter, (him saying about he wanted to look at the books, he wanted to see what the equipment cost) and I can remember Walter waving out and says, "Well, I'll tell you what I'll do. I'll give you a pass out there to those yards, and everywhere you want to go. And you just go

all around there, and look at everything you want to, and place any value you want to on it." He said, "I'll go better than that. I'll let you go out and look at it." He said, "Now, don't count all the individual nuts and bolts, and get in somebody's way, or hold up the process of the smelter, but," he says, "other than that, you can look and see anything you want." Well, of course, Walter just put him on the strictly defensive, because Barney couldn't look at it and tell what it was worth.

But we came to no real conclusions, other than the fact they finally said, "Well, we'll give you statements."

Barney said, "How do I know whether the statements are correct or not?" By this time, it was getting into a little bulldog fight.

And they said, "Well, we'll give you sworn statements, if you want."

Well, I could see where we were getting, and that we were coming to no practical solution. And Barney was in a position of being right, all right, but if they killed him, or once he was dead, it didn't make any difference whether he was right or wrong. He's a dead hero. So I can remember suggesting, "Well, ask for the figures you want, and have 'em submitted to you, and they'll give 'em to you under oath, I'm not going to question their—. I don't think they're going to give you figures under oath that're not right. I'm sure they wouldn't. And I'm willing to accept that."

So as I remember, it was like drawin' a stray bulldog out of a fight. He didn't want to get into an argument with me in front of 'em, and we withdrew. We got out into the parking lot, and the assessor was there, and he'd been listening to all of it, and being the rugged individualist he was, he had some definite ideas, and by this time, he and Barney were at it in the parking lot. And I thought I was going to have to separate another tight like I did with Dennison up at Emigrant Pass. And

I can remember, just literally and physically, pulling Barney away by the arm. And it was just like separating a couple of small kids in a fight. The minute you did, things were quiet for a minute, and then somebody'd let a remark out of 'em, and that started it all over again, and then they'd be back at it again [laughing]. I knew we were never going to get any cooperation from the assessor's office, and that like he says, we were in pretty deep trouble.

The second mistake he made was he then decided that he was going to get into the badly needed field of ranch valuations in some of the larger ranches of the state, and so he tangled with some pretty powerful people, including some out in Carson Valley, and powerful interests. And I could see, by then, that the story was, that the conclusion had gone out, "Barney's got to go. This is the end." He'd mashed some toes that—. He was a dead hero. I knew that was coming by the time the legislature was in session. Things were rather quiet, but I knew this was going to happen.

Fortunately, the legislators, and some of 'em who were involved, particularly the agricultural type, talked to me a long time about the problems of equalization. And I could see that the bureau of assessment standards was going to be done away with, and that this was—it was personalities, and they just virtually admitted it.

But at that time, and even later, carrying on, the problem was, basically, that the schools needed money. It was the schools that were making the tremendous demands for money, and we had to dig up some revenue somewhere. And we were meeting the argument of, "Let's clean our property tax house and see what revenue we can raise from the property tax that we have. And, of course, this didn't satisfy the school people, doin' a patchwork job on it. But legislators

were beginning to talk to me, some very good ones, but indicative of Nevada's political cow county position, (and cow county legislature) they said, "Why don't you go into the areas that've got all the trouble, and straighten out the property tax there, and leave us alone?" In fact, one of 'em, and one of the finest men and legislators I ever knew, a rancher, told me that in a meeting. Just point blank, he said, "Your problems, you know, are in Clark and Washoe County. The rest of us are very happy." (And the schoolteachers had to be happy with the salary that the cow counties were willing to pay 'em.) "Now, go out into Clark and Washoe, and straighten out their problems, and raise their values there. Raise what money you have to raise there. But don't do it on a statewide basis."

Of course, I was, as always, a theorist, and equalization is a statewide problem, not necessarily a local problem. Theoretically, the law is so drafted that the assessor and the county board of equalization are supposed to take care of the county problems, and the state board of equalization and the Tax Commission (which is the state board of equalization) was to take it from there, assuming that the counties had done their jobs, and make the counties equal with each other, so that there was a state equalization. As a theorist, I just couldn't agree that, just because it was much more practical, that the problem was in Washoe, that we had to completely ignore the other counties. And as I remember, I didn't completely agree in this meeting, but I was told that, "For the next two years, at least, it's going to be your baby, [laughing] because this man's goin', and all his division with him is going to go."

And he did. The division was abolished after two years, in 1949. And, of course, the ensuing two years didn't do anything to help. However, now it had been started, and

Barney'd done a good job in training some people. He'd done a good job in bringing the problem out. And it was very obvious in the next two years that it was something that just wouldn't stay permanently dead. And I did [what I could] through what little facility we had.

One factor that may or may not be remembered is we had a very fortunate situation come out of that when the division was abandoned, 'cause now we had, oh, four or five people out of work. Bob Turritin had died, I think, about that time. He was well along in years. And I doubt if we even had the rural job replaced. But all of the other boys lost their jobs. Brice Leggett, Glen Frey, Vic Becaas, Oliver Kistler, and Bev Perkins were all out of a job. Glen went back to the highway department, from whence he came to us. And unfortunately, two of the others, Vic Becaas and Oliver Kistler, ran against the assessor in Washoe County, and Bev Perkins ran against the assessor in Clark County, and it put us in a very awkward position, because the Tax Commission, in the property tax field, has to get along with the county assessors. And there's enough rub between them, anyway, because there's definitely things in their matters of duty that they're not going to agree on. The assessor being an elected officer—you have your rubs, and some very bad ones at times. And we certainly hadn't done anything to build up the image of a division of assessment and standards with assessors when three of the five members were running against incumbent assessors for the office!

They, of course, saw the weaknesses. And they're myriad in the property tax, and still are, in the system. But they saw and they thought they could correct it. They were looking at it from the level they'd been trained. And, of course, as circumstances showed, they

had overlooked the most important one of all: unfortunately, you've got to first get elected before you can do all these things that they could see should be done. And furthermore, that even if you were fortunate enough to get elected the first time, you sure wouldn't get reelected if you corrected all the things that should've been corrected, the weaknesses that were there. But it gave me a very difficult time, for a little time, to work with county assessors. And later on, I had a little more problem. Some employee'd quit, or else, in one case, I think I fired one. Then he goes out and runs against the assessor, and the Tax Commission was getting [laughing] a *bad* image with the assessors, where they needed a *good* one.

And now that I've gone through all this, just to bring [it] up to the point that Charlie Russell came in, he inherited the need. In fact, some of those legislators told us, "Now that we've got rid of Barney White, why, we'll go back and set up a division."

So we did. We set up another one. And this is something that was facing Charlie when he came in, was to set up another division. And I had some ideas of tryin' to work the counties in with it. We had a county equalization matching fund we sold to the legislature. We had a lot of new ideas in the thing. But it was a part of the problem facing us in the initial legislature, and in the initial two years that Charlie had as governor. It was a problem that didn't go away. It had for other governors, but it wasn't going to go away for Charlie or any governor since.

I guess it was that first legislative session, I set up Homer Bowers, who was an assessor from Churchill County. I knew him as assessor, a very nice little man, and a very good personal friend of mine for many, many years. And he also was a good personal friend of Charlie's. And because of the experience we'd gone through with Barney, we turned

around just exactly the opposite, and Homer, also, turned around exactly the opposite. Homer was strong in all the things that Barney was weak in many of the things that Barney was strong in. He didn't have Barney's technical background, he didn't have his ability. Barney was an engineer by profession, and trained. Homer went just the other way around, and decided he was going to handle it on a very amicable, what I call a "jolly boy" basis. The man always has remained, up to the day of his death—he and his family—an excellent, good friend of mine.

One of the main problems that came out of it, was Ralph Lattin, who was senator from Churchill County, was responsible for Homer not running for reelection for Churchill County assessor, because Ralph opposed any raises. Ralph just said, "The folk back home don't like things like this." Homer was one that was making one of the most noises (I think they were paying the assessor about two hundred dollars a month, or some munificent figure like that). [Lattin] was saying, "If they're not satisfied with the salary, I'll run for the office. I'll do it. I'll work for that salary." This was always Ralph's position. The thing that Ralph overlooked was—in fact, he told me this one time in later developments—he owned a ranch that he could turn over to his son and his family to run. He had all of his meat, eggs, and milk, and a roof over his head, and everything else that he needed. And to him, the money that state people were making was an awful lot of money. But he was thinking of it as many ranchers did. And I argued with some of 'em later—because they were hard men on salaries in those days—because they were thinking of what two hundred dollars a month would mean to *them*. They were thinking of it in their own business. They had their ranch, they had their house, they had their livestock, and chickens,

and milk, and eggs. They raised their own vegetables. Well, they could live like a king, in those days, for two hundred dollars a month in addition to everything the ranch provided for 'em. But when you went to Carson City and moved there, you didn't have all those things, unless you owned a ranch to send 'em out to you. But this was always hard to figure.

But the problem I had shortly after the legislative session renewed the division, was to get ahead. The first applicant I had for the job was Ralph Lattin, who felt that he could do it. And he didn't want too much money, either. The salary remained in the books, as I remember, although we didn't pay the \$7,500 after that, and weren't going to. We were going to pay a decent sum. But Ralph didn't want that much money. He said that two hundred and fifty or three hundred dollars was plenty, that he could live on it, and he didn't see why anybody else couldn't. It destroyed for me what, up to that time with some stormy sequences, had been a pretty good friendship with Ralph Lattin. I had generally rated pretty high, I'm sure, in his estimation, but I took an awful tumble about that time. And particularly, when I knew. I'd already talked to Charlie. And strangely enough, Charlie was not overly enthusiastic about Homer, although he liked him personally very much. Homer never knew that. I don't think I ever told it to anybody else. Charlie told me flatly, he said, "I just don't think he's the man for the job."

And I said, "Well, Charlie, who have we got?"

And then he admitted that we didn't have anybody else in mind, or anybody else that we could dig up. But he said, "If you want him, fine." He said, "But I still don't think that he's—." And he was right in this respect, although Homer worked with me and for me for many, many years, but in different capacities.

But anyway, at the time I was talking to Ralph, I knew we had about settled on Homer for the job, who, of course, was the last person in the world [laughing] that Ralph would want to see in the job, because they were very bitter politically, and every other way. They'd come from the same county. And I knew that that was my end, as far as Ralph Lattin was concerned.

He did serve a session or two later, as I pointed out. He was the swing man in that famous Senate Bill 92 vote. But that's because Ralph was a very fair man, basically. I won't say our relationship was entirely destroyed, but let's say it cooled. But he still was a fair man, and had a lot of experience. And so I was able to work with him in the next session or two. I don't remember how long it went on, but the old closeness had disappeared.

The main problems that Charlie had in the beginning were as much personal, and personal politics, as anything else. As he told me once, in that wonderful way of his, soft way, when we were talking about something, he said, "Bob, I know." He says, "You know, I was rather propelled into this position of governor. They were just looking for a man to run against Pittman, 'cause most everybody figured Pittman was a cinch, and this group (who, of course, a lot of 'em were well known, Biltz, and the old line Democrats, the McCarran group, and Pat McCarran, and all this group)," he said, "they just picked me. I just happened to be available and around, and they picked me, and put me in this job. So," he said, "I was selected by this group. And," he said, "I know it." Of course, the thing they found out, much to their dismay, was that the man they selected was his own man once he got into office, and the honeymoon ended very quickly, because he just couldn't do the things for them they expected him to do. I'll

bring that out in a minute. I talked to him in that way. They had put in the people in his office. Both the assistant and executive secretary, the secretary to the governor, were hand picked by them. They were put into his office, and Charlie knew it, and they weren't doing him any good. And later, it was felt that particularly one of them was put in there just to keep these people informed as to what was goin' on in the governor's office. She was a wheeler and dealer in political situations, and I guess still is, if she's still around. I haven't seen her for years. But she got Charlie in quite a little trouble. She did things and exerted influence that Charlie didn't know she was doing. She was very much behind his back in some of these things. She wheeled and dealt politically, she was very, very active, and it didn't last too long. Within the first year, they were both gone. Charlie knew he had to let them go. And maybe not at the same time, but he did put his own people in there.

Early in his administration, the Binion case came up, and I've mentioned that, with reference to Paul McDermott. There was quite a long history to it. But we had denied him a license, and I'd been very vigorous in it; not that I didn't feel that he could run a gambling place, because I knew that he could. He was an excellent gambler and an honest gambler. But his background—he came out of a situation in Dallas at that particular time that was very sensitive nationwide, and carried probably many, many innuendos that weren't true. But everybody believes 'em to be true, and [this case] had all of the overtones that we didn't want in the gaming business. I saw immediately that we had some pretty influential people who were goin' along the line, 'cause there was a lot of money involved in it, there was a lot of influence involved in it, and it was a big issue.

I think that McCarran and Biltz thought that they were going to have the puppet there in the governor's chair, and they could get most anything they wanted, and this was the way it was set up. And early in the game, it began to become apparent in smaller things, and, as usual, in gaming. But in smaller issues, you could see influence starting to work. John Robbins was in that group, although, bless his heart, he was always loyal to me. But there was a lot of influence being exerted.

I talked to Charlie time and again, it wasn't original with me; it was told to me by the man that worked down here, a very astute man. He said, "Bob, they're just going to keep pushing him, and pushing him until—. He's a fine man. You keep tellin' me what a wonderful person he is. And they're going to just keep pushing him and pushing him until he's going to come to a place where he's going to have to say 'no.'" (He may not have worded it exactly that way.) "But the question isn't if. It's when. So we might just as well say no now, as to wait a year, or two years, and get into all of those problems and troubles, and then have to say no, because you're going to have to say no sooner or later."

And I talked to Charlie just exactly that way. And as I remember, the Binion issue was up. And I told him, I said this very thing. I said, "Charlie, you know they're pushing you, and pushing you farther and farther. And I know you, and I know that your conscience won't take it, and you're going to have to say no. So why don't you say no before it gets too big? I know it's going to break you up. I know it's going to bust it up, but—."

He said, "I know it," as he always did, in his nice, gentle way. He said, "I know it." He had a way of letting things like that bounce, and a lot of them solved themselves that way, and he handled them gently.

I can remember coming over on a Saturday and running into Norman Biltz going into the office. I was invited in (although I don't think that was Biltz's idea at all), and the pitch was being made for Binion to be licensed. There was going to be a lot of money invested; there was a lot of things. I don't know which situation came first, or how they came in sequence, but these situations with people in his office, with this case—. He did say no and backed me up, and took his own stand in this Binion case.

And I think this was about the breaking point with that group. McCarran never quit trying, as I saw later. But with such a group, I think that this was the point. It wasn't too long after he got in that they finally realized that they did not have a puppet in there, that regardless of how quiet and soft he was, and how easy he appeared to deal with, they had a man of intelligence, a man of conscience, and a man that knew, if he was going to fulfill his job, he was going to have to be his own man. And that was about the time the break started, and once it ruptured, it ruptured wide. And there was never any question again. There was never really any question in my mind as to what was going to happen before too long, because by this time, I'd gotten to know him, and I knew that he was going to meet the situation as it was necessary, and he was going to be his own man. And that was about the time the break started, and once it ruptured, it ruptured wide. And there was never any question again. There was never really any question in my mind as to what was going to happen before too long, because by this time, I'd gotten to know him, and I knew that he was going to meet the situation as it was necessary, and he was going to be able to live up to it.

But that was an early, early rupture; it ruptured the machine that had elected him.

I don't say in any of these cases that I saw or had anything to do with, that there was anything crooked about it, or anything wrong. It was just a question of influence, and things of this nature. And, of course, influence has an awful lot to do [with] people who have a lot to gain or lose by the actions of people in state government, or national government, for that matter.

But that really began my relationship with Charlie that I'll cherish, and really look upon with very, very good memories.

I think the first setup in Charlie's office with these people, who were definitely a part of the group that I speak of, that originally elected Charlie. The woman secretary [Katherine Kastris] that he fired—or, at least, she left—had caused a number of problems, as I pointed out, with her political wheeling and dealing, and so forth. I was told by a person who knew, that had been an observer from the Washington scene. We were talking something about her operations and her influence. Of course, some of them, we thought, were a little humorous—I mean, obvious to people in Nevada. You can see things on a level of this kind, and what's happening under your nose. But he said, "I wouldn't sell her too short, because," he said, "I can tell you that when President Truman came on his only trip to Nevada, and came to Reno—. And," he said, "we'd heard gossip and stories about her influence with Truman, and we had written it off as you do, as, you know, a little humorous and exaggerated. But," he said, "when Truman came to Reno and got ensconced in the Riverside Hotel, the first thing that he did was to send a secret service man out, and to look her up and escort her to the President's suite, and she went in and talked to the President, the first person, I believe, in the state to talk to the President

after his arrival in the state; at least, to talk privately with him." So she may have had more influence than we gave her credit for.

The other man [Ralph Thomas] that was in the office and acting as his assistant was a very capable man, I mean, his position was pretty obvious. He went to work immediately for Norman Biltz. Norman Biltz set him up in the insurance business as soon as he left the governor's office.

I think both of them left of their own accord, or it may have been by mutual agreement. But anyway, they had left, and as I indicated, I think, from that point on, Charlie was his own man, as far as the political machine, if you want to call it that, that had been set up to elect him.

Naturally, Senator McCarran never quit trying. He just wasn't that type of person. He, I'm sure, occasionally got into matters—and probably had a right to get into matters that affected Nevada. And I'm sure he tried to influence Charlie on special occasions, but it was like everything else. Charlie listened, he accepted what he wanted to, and the rest of it just kinda rolled like water off a duck's back. He just rolled with the punches.

We went into a very difficult time in gaming about that time. Las Vegas was just starting to emerge and really grow. There was definite attempts of infiltration from undesirable elements outside of the state. It was just beginning to come into its own as a real pot of gold for the adventurous, or people who wanted to invest their money at the foot of the rainbow. And there was an awful lot of building, of growing, of influence peddling, local sides being taken up, politically, and personally, economically, and everybody was trying to get in on the act. And it just seemed like every day, and every month, that issues, little or big, were coming up that were

hot issues. Las Vegas has never been a quiet, sedate type of place, either economically, politically, or socially. And the people felt very strongly on these things, and they were pushing themselves, were very aggressive people. All of the people, the Chamber of Commerce people, the local business group, the newspapers, the gaming places, all of them were aggressive, they were pushing, and everybody was pushing for anything. Anybody that wanted anything could find somebody to carry his cause for him, particularly—and as it always happened—that “somebody” had something to gain from it. And it could’ve been many things, from an outright fee for a representation to a job—a person got a certain thing accomplished for ‘em. The community, itself, the municipality and the local governments, were in growing pains and in trouble. And we had very much the impression that it’s never completely gone away, that from the more staid and more conservative, or conforming, people in the north, as we refer to it now, who had always run the state government, Clark County was a long ways away, and nobody had ever heard much about it. And I was one of them. I was part of that attitude, where everybody was kinda lookin’ down their nose and saying, “Well, what manner of people are these, down in that crazy community? This is a crazy town. It can’t last.” I can remember saying, “It just reminds me of a great edifice that’s being built on a foundation of sand, and someday, that sand’s going to wash away, and it’s all going to collapse.” And, of course, as has been pointed out in some of the incidents that have been related up to now, there was always some scheming and cross-scheming. And besides that, economically, things were brewing, and you had competitive problems—well, practically any kind of problems. You name

it. I don’t think a week ever passed that there wasn’t a delegation up from the southern part of the state that wanted something.

I can understand it now, much better than I could then. And, of course, Charlie got pushed pretty good. He didn’t have a real good—in my opinion—a real good Republican organization at that time down there, not near as good as the one that exists now. Paul McDermott was a part of it, and I think Paul was one of the best in that field. But it just seemed that most anything that we had to do had effect in Las Vegas, that any problem that was a part of Las Vegas, but that any decision we made always affected people favorably and adversely, both. You never pleased everybody, which is a politician’s anathema. There was no way you could win. You had to take sides in practically everything you did. Many times, I didn’t intend it as a matter of taking sides, but my conclusion automatically fit into a side somewhere. And then, of course, it left the usual implication or stigma that if you did take an action and it coincided with somebody’s interest, that that was your motive in doing it, which was never the case, as far as those cases that I got involved in. But it looked like it might. It was just subject to that.

We went through economic problems, political struggles. It was hectic. And the more that I became involved in it, the more I began to respect and love the man, Charlie Russell. I just adored him because of his simplicity, his lack of guile. And yet he was much deeper than most people gave him credit for. His complete honesty. And he was just in a situation that was—well, it would have driven an ordinary man batty, I guess. Charlie was just one of those types that could roll with the punches and take it. Had it been a different type, I don’t know that they might have survived that.

Of course, I got into many of his problems, particularly in the Las Vegas area, where the problems were, most of them. They were mostly associated with gaming, or the indirect influence of gaming. And as I look back on the period—of course, I was younger, stronger, able to put up with more than I could now. But as I look on the period, and all of the things that I went through—and they were all interlocked with Charlie, because he got in everything I did, I didn't get involved in all of his problems, but he certainly got involved in all of mine. And I was creating 'em, because I was taking some positive stands, and I was doing some things that were unpopular with people. But the only thing, the only salvation I had, was I didn't always land on the same side. Sometimes I pleased a group with a decision, and the next time I displeased them. But it did have some balancing effect. The way I have reasoned it with myself—and I've thought about it many times—is, I could never have made it, I never could've gone through that period, and all of the things that went with it, if it hadn't been for Governor Russell. Being the type of man that he was, and his complete confidence in me, his complete support for me, made bearable what otherwise would've been completely unbearable. And I don't believe that I could've made it. I'd've just had to give it up. But he had that way about him. He had that way of strengthening you, and he set an example of nonchalance, and he wasn't nonchalant. But this was the way he got through these things.

We went through many, many a bad situation. I related the one in the Thunderbird. They just seemed like they were coming up constantly. But if I hadn't felt that I had his complete support, and that I didn't trust him implicitly, as I felt he did for me, things might've been different. But in every one, he was the same gentle person. He was the

same, he was intuitive, he reasoned things out. He knew what was going on, even though he might not let on to others that he did, or others couldn't see that he did.

I think there have been probably greater governors of this state than Charlie Russell, as a matter of cold logic. Of course, I only knew four or five of them. And I will have to say—and it may come up later—strictly from an objective point of view, that I would have to say that up to the present governor, who hasn't been in long enough to be evaluated, that Grant Sawyer was the best governor that this state ever had, in my opinion. Now, I have to rely on what I read or have heard about governors before my time. I still think that he was. He was dynamic, he was forceful, he was a leader, he had new ideas, and not afraid to press them, he was extremely articulate and expressive—everything that Charlie Russell wasn't. Charlie was not a forceful and dynamic person, or things of that nature. But I think that he came along at the right time for the state of Nevada, and I think he was the greatest man for that time that you possibly could've had. I think he fit into the times, he carried the state through a very, very difficult period. And the very qualities that he had enabled him to do this. He was just the great man of his time, in my book, at the time, and looking back on it. Now, in another period, and in another time, he'd've been a very ordinary governor. He might not have even been a particularly successful governor in different circumstances, different time that required a different person at the helm. But for his time, he was the right man, and he was a great man.

As I say, I can look back and make my evaluations. I admired and respected every governor that I knew. As I've said many times, I don't think any of them sold the state short, that I ever knew of. I think Sawyer

was undoubtedly the most capable one in his time, in his era, and as far as I'm concerned, probably of all time.

But I more than admired Charlie Russell. I had a deep and genuine affection for him. And I still do. There were times when his very nonchalance baffled us a little. We'd get a little mad at him, kinda want to jar him into a little more action. But he was generally right. And he used to like to—he would let things “bounce” was the expression that I used to use. And it irritated me at times, because he let things bounce, say, “Oh, leave it alone, and it'll settle itself.” And quite often it did. Issues that appeared to be great big issues at the time, from later reasoning, weren't big issues, and they did solve by letting 'em bounce around. Another, more forceful person might not have done it. He came along for the state at the right time.

And the eight years that he was there, he didn't care too much, really, as far as I could ever observe, when he ran for reelection the first time, when he ran against Pittman. Naturally, he felt that he wanted to be vindicated. Every governor is the head of the party, and every governor, I'm sure, wants to be vindicated, and likes to feel that he can be reelected. Most of them try. But I think he felt, as many of us did, and has already been related in this -narrative, that I'm sure' he didn't figure, himself, he had too much of a chance. I don't think he admitted that to anybody. And he didn't desperately want that. He *did* want the third term. He wanted it quite badly. Of course, he would've been the only governor to've been elected to a third term. We thought at the time he had a good chance. And he told me, he said, “Bob, I didn't care so much the last time, but I would like to get this one.” And it would've, of course, been complete vindication, and there was a lot more things at stake. And I think that he

did want that one quite badly. But after the defeat, I can remember it very well, he was almost an entirely different person. He was more relaxed. Although being the relaxed type he is, it's a matter of relativity with Charlie. But there was a big difference in him. And I think he really enjoyed—after he got accustomed to the idea of being defeated and he wasn't going to be governor after January first, I think he adjusted to the idea, and, as he told me, he says, “You know, I just feel so good. I just feel like a man that had a great, big weight just lifted off his shoulders, and it's a funny feeling.” He said, “I just feel all of a sudden free and weightless, and everything just feels so good.”

I, of course, wanted to see him be elected for his third term. It wasn't to be. But I think, as time goes on, he'll come out better. And I think when this era, which was a very very important era—I'm only making a stab at what I know happened in that era, but I think when this era is properly evaluated, that he'll come into his proper place with others, besides those of us that knew him so well and admired him so much.

I've got to tell at least one story about Charlie Russell that's a favorite story of mine. I think it illustrates so [well] how human the man was. Charlie was never impressed with his own importance. He was never submerged by any opinions of his own importance. He was just an unprepossessing man, if that's what you want to say. Anyway, this was his nature. In fact, there's two stories in this. He was going back to Washington to a governor's conference, and he was tired, and, I think, wanted some rest, and he was going to go on the train. And so he made arrangements to go on the Western Pacific Zephyr. He was goin' to Portola. And I had something that was brewing in Washington, nothing that was real immediate, or anything, but I did

have things to do in Washington. And I was completely exhausted, and he knew that, too. We'd been through a couple of horrendous sessions with the Tax Commission, and we'd been through periods when there was money and influence involved in the decisions we made. And I got into a horrible fight with an attorney that was, and is, one of my most cherished friends. And we were screaming and swearing at each other over the telephone, I guess—at least he was. Maybe I was, too. And I was just completely exhausted, about run out. And he said, "Bob, why don't you come on back to Washington with me. I'm going to the governor's conference, and," he said, "We'll come back here, and you can take care of your business. And we'll go on the train, and we'll have a good rest." He says, "We can rest. I don't want to think about anything. I want to forget about things. And we'll have about three days on the train, and," he says, "I'm going to sleep most of the time." And I thought it was a great idea, so I arranged to go back with him. We went out and got on the Zephyr.

Now, he slept. He told the porter to leave his roomette down where he could sleep, and his berth down, and he slept. We'd get up and eat and visit a little bit, and then he'd snooze, and I'd snooze. And we just completely relaxed, both of us, like a limp rag. We didn't even talk much business.

And there was an old lady on the car that was a very lovable old lady, typical old lady, and not sophisticated, or anything, and a little bit nervous about traveling on a train. I can't remember where she got on the train. But very curious, and cute in her curiousness. And we'd go up and sit in the upper section of the sky dome, and Charlie'd talk to her, and visited with everybody, because he was—there was nobody that was more of, what you might say, the "old shoe" than Charlie was.

He liked people, he liked to talk to 'em and visit with 'em. It was a pretty well-kept secret, but somewhere along the line—and I was the guilty one, I guess—I just couldn't keep it in any longer, I guess, maybe about the second day or so, I was sitting there, and she was telling me about that fine man, pointing to Charlie, and what he told her, and he talked to her, and she told him about her daughter, and all these things, and what a very nice man he was. And I guess I couldn't [laughing] resist it. I said, "I know. He's governor of the state of Nevada."

Well, of course, it pretty near bowled her over, because to people outside of Nevada, that's much more important than it is to us; they weren't so inaccessible to us.

Charlie came back to me not too long after this, and he said, "Are you the one that spread the rumor [laughing] that I was governor of the state of Nevada?" He says, "That old lady's gone to everybody in the car, and everybody's comin' up to me and startin' to fawn on me, and," he said, "I told you not to say anything about that!" And this was exactly—Charlie didn't want this. He didn't want people fawning on him, and things of this nature.

But anyway, we traveled on and on towards Washington. And we'd begin to visit more with the little old lady. And finally, Charlie was the one that pried the story out of her, because I'm not that loose with strange people—I mean, I don't loosen up in conversation as easily as Charlie does. Charlie had gotten out of her that she was going to Washington, that she had lost everything she had, and finally was down to nothing. And she had to go, and she was terribly nervous about it. She had to go and live with her sister, I believe it was, who she hadn't seen for forty years or so, and wouldn't know, but it was the only living relative she had. Her sister lived in Chevy Chase, or Silver Springs or

some suburb of Washington. She was terribly nervous and upset about the fact that she had to live on her sister. And she was just terribly worried about what it would mean, and how she would meet her. Of course, Charlie got in on all of the details of it, and she had unburdened her troubles to him, and, like everything else, like Charlie's business, had got around the car. We'd all got kind of interested in her. And we worried about her as much as she did, because we knew she just got more and more nervous and tight. She said, "What'll I do if I get off on that station, and she isn't there to meet me? And I know no one. I haven't any money. I'm in a strange place. I don't even know that I could find her. What would I do?"

And by this time, as I say, we were worrying about it as much as she was. And Charlie was chief worrier, I think.

So the train stopped in a little suburb, just before we got into Washington. The porter was in on this thing by this time. I think Charlie had gotten ahold of the porter. The porter helped her unload. And Charlie got out—I think we both got out—and set her grips down, and we looked around, we'd seen nobody. And she was standing there—poor little woman was standin' there all alone. Nobody in the station around, or anything else. It was a long train. But it only stopped long enough to unload, and the train started out, and we had to get back on, with her standing there.

And Charlie and I were hanging out one vestibule, the porter was hanging out another, and I guess somebody else in the car was hanging out the vestibule on the other end, and all of us worrying and worrying, as the train pulled out. And quite a little ways up the station, we saw a woman, older woman, obviously quite distracted, running around, looking for something, and hadn't found it.

And, of course, we knew inlinediately what it was. We put the two together. And the train went by, and there was at least four or five of us yelling, and all of us pointing back [laughing]—pointing for her to run back there. And finally, the woman did get the point. She looked at us and then looked over and saw this woman standing way over, a long ways away, on the other end of the station. And we were all pointing and yelling and telling her, "She's there! She's there! Go get her!" [Laughing.]

So we quit worrying about her there. And I think Charlie probably was the most relieved one of the bunch.

Then we got into Washington, and we registered at the Wardman Park, it was in those days. And we went down to the capitol, where we ran into story number two.

We stopped in to see Senator Malone, Senator McCarran, and I think [Clifton] Young was congressman that year. But anyway, we stopped in, the governor to pay his respects, and I was along with him. And McCarran wanted to see him, and they said, "Well, the senator wants to see you, Charlie." I had a little foreboding of that. But Charlie just reached over and said, "Come on, let's go in and see the senator." So I went in with him, and I had a hunch that the senator didn't particularly want to talk to me, 'cause I was the source of a lot of the senator's problems when he had friends that were in [laughing] trouble and wanted a gaming license, or wanted something. And we had just been through a couple of very hectic circumstances. One issue involved the senator's law partner, who was very unhappy at a decision we'd come at, because he'd escorted four or five huge men in there to get a license, and we were darn sure that it was a booking ring that was going to start in the state of Nevada. So it was pretty hectic, and I had to work pretty hard on the

thing, too. But we did, we were able to knock it down. But the senator's law partner was very bitter over it. And it estranged us for a little while, but we straightened it out at a later time. We're good friends today.

But anyway, McCarran saw me sitting there, so he started to tell his story, and he was trying to make light of the situation. But he was coming around to what I knew he was going to come to. He said, "My law partner tells me that he has four or five people who are the soul of honesty and uprightness." He says, "'These' gaming people always are, you know. They're always the soul of honesty and uprightness. And," he said, "that he's having troubles with your Tax Commission, and particularly with Brother Cahill here, who doesn't think they're quite so upright, and quite so honest. And he's having a little trouble getting a license for them. And," he said, "now, far be it from me to exercise any influence on behalf of people like this, but I thought I might at least ask the question," in his little bantering way. And he, definitely, was bantering very lightly over it.

I didn't associate that. But I found out later—from a very impeccable source, from a very knowledgeable source, that, basically, Pat McCarran hated gamblers. He hated them, but he knew he had to support it as a basic industry in the state. But there was just something against the grain, and I mean, he didn't like gaming people. I was told that it was very straight, that this was a personal thing with him. And he didn't. He worked with the gaming industry and did a lot for it. But he did it because he felt that was his job as senator, not because, as Pat McCarran, he liked it.

But anyway, he was kinda jesting about the thing. And I just let it pass. Charlie, again, just said, "Hm," and "Ah," and smoked his cigarette, let it roll off of him, like the proverbial water on a duck's back. And we

got up and went out. I sat through the thing. And I knew that I wasn't supposed to've been in there. But when we got back to the Wardman Park, we shared the same room. And incidentally, not a suite; it was just a simple, double-bedded twin bedroom. We just left, and Charlie had something else to do, and I came on back.

But we'd just left the capitol, and here was a wire from McCarran stating that he'd like to see him, speak to him on a personal matter, alone, [laughing] and kindly call his office and make an appointment to come back and see him. My name wasn't mentioned. Of course, Charlie admitted to me that it was on the same issue, but he [laughing] didn't want me sittin' there, listenin' to it. And it didn't make a bit of difference with him, because the decision didn't change. But anyway, McCarran had to have his little say, but he was going to have it said when I was not around.

A third element of the story—and this was the one that I was getting around to. It's one of the precious experiences and stories of this type in my life. Charlie was going to the White House to have dinner with the President; along with all the other governors at the governor's conference. They were all invited to the White House for dinner. He'd been in Washington before, but I don't think he'd ever been to a White House function, as such. And the other governors, of course, didn't know. But we found out very quickly that the White House social secretary sent them a very discreet note and set of instructions, at what time, and where they'd be picked up, and where to go, and what to wear, and generally, what the etiquette was in the line—they would be introduced in the line, if their wives were there, and so forth and so on. And it was. It was a very complete set of instructions. He was worrying, up to this point, about what to wear, 'cause he had brought with him both

a black coat—a tuxedo, or a black coat, and a white coat for summer. But he said, “I don’t know which to wear. But,” he said, “they also told me if there’s any questions at all to call the social secretary,” or whoever it was, and they’d give him any information they wanted. And they were told that tuxedos, black tie, was proper, and so forth, so he had selected his outfit to wear, and we both laid down to take a nap before he was to go to the White House dinner. I wasn’t goin’ anywhere, but he was due to go to the White House for dinner.

And as relaxed as he always is—in fact, we were both relaxed—we’d just laid and took a nap. When we woke up, it was a little bit late, and Charlie had to start gettin’ ready, and he was never a person to hurry too much about anything. So he went and took a shower and started to get dressed. And something came up that he needed. And I said, “Well, I’ll go down and get it for you. It’s down in the lobby.” I don’t even know what it was, a newspaper, or what he wanted. And, of course, we were just—I was layin’ in my underwear, and I just got up and pulled on some trousers and some slippers and put on a shirt, so I’d be decent, and went down and got what was necessary, whether it was a paper, or whatever it was that he wanted. Maybe he wanted some shaving equipment, or something, that I went down and got him. Oh! I know what it was. It was a collar button. He found that he had packed, and Marge evidently looked after him mostly, but somewhere along the line, there was no collar button.

So I went down in haste, and I was lost in that huge Wardman Park Hotel. It’s out in an area where there isn’t anything much around it in Washington—or, wasn’t then. There was no shopping center, or shopping areas, or anything else. It was pretty far out, of course, still is, but they may have some shopping areas. So I went down to a big

drugstore there— a drugstore; they seemed to have everything—asked if he had any such thing as a collar button. No, they didn’t have it. So I’d gone to some other places to look for ‘em in a store, and I’d gone to the bell captain, and everybody, “Well, where can I get a collar button in this area?”

“Gee, we don’t know. You might have to take a taxi and go downtown. There’s just no place around here you can get it.”

I said, “In a hotel as big as this, and the governor’s conference here, and I can’t get a collar button. I know now what the poor old guy felt like when he’d lost the horseshoe nail.” I said, “Why, here, my boss, the governor, is going to a dinner in the White House, and he hasn’t got a collar button.”

Well, the druggist was a friendly man, and he said, “Oh,” he says, “I can get around that very easily.” He says, “You know, there’s no problem.” He said, “The tie covers it.” He says, “Use a hairpin, or anything else, a wire of this nature. You just wire it together and clip it up there, and,” he says, “cover it with a tie, and nobody’ll know the difference.” Time was running out, and I was beginning to get a little desperate. So he says, “Here, I’ll give you some hairpins.” And he did. He gave me two or three sizes of some hairpins, and showed me how to do it, said, “Now, go back,” and I felt a little inadequate goin’ back with this, but I said, “Charlie, there’s just no place short of downtown. And you haven’t got time. Now, you’re not normally late to a formal dinner, and I’m sure you’re not going to be late to a White House dinner!”

And, “oh,” he says, “that’s all right. Let’s try.”

I may have lost my sequence of events here, but I can remember trying, and I had a hard time twisting the hairpin around so that it’d catch in the—. And finally, he got out something from his manicure set, but they

were clippers, and when I tried to do that, he said, "Here, let me do it," and promptly stuck his thumb and started to bleed like a stuck pig. And he had his dress shirt on, and everything, was holdin' his hand out, and I said, "Don't get blood on the thing."

He said, "It's the only shirt I got."

And I said, "You can't go to the [laughing] White House with blood on your shirt. Now, keep it out here," and I wrapped the finger with a handkerchief, or somethin', around it.

Now, I had [laughing]—I think we did get a faint drop of blood on the white shirt somewhere, but we figured it was a place where it wouldn't show that much, and I said, "Charlie, keep your hand off the—." It's the first time in my life, really, the first time I can recall, that I saw him tighten, beginning to get tense and nervous. Well, if a dinner with the President, and the prospects of a hairpin falling out, or somethin', at the wrong time, I don't know what would get a man tense. I could sense it, and so [laughing] I was tryin' to tighten this thing, and he was getting purple. I was chokin' him [laughing]. And he was actually getting purple, and was getting more nervous. I am very inept with my hands and fingers. I'm not adept in anything like that. I believe, probably, he finally got the thing into shape.

But the climax of the story, really—I'd almost forgotten this collar button thing—then he starts lookin' around, and he says, "I'm lookin' for my cuff links." He said, "Oh, I had 'em here somewhere," and he started goin' through all he had, his shirts, and everything. No cuff links.

And we started turnin' that place upside down. And we're a couple of men in a room, coming in, packed, over three or four days, and both of them not a soul of neatness or tidiness, and we had things scattered all over whatchacallum's half acre. And we went

through that room—believe me, I exaggerate not—we went through that room with a tine tooth comb. No cuff links. And he said, "I had 'em! I've worn them. I know I have 'em here. Now, where can they be?" We went through every item in each of our grips. We sifted things out. I can remember [laughing] taking socks and shaking 'em—. We went over that place from one end to the other, and time was running out. And no cuff links. lie said in a kind of quiet, exasperated way, he said, "Well, I had 'em. I know, because," he said, "my shirts are all French cuffs. I had 'em when I came into this room."

And I said, "Charlie, they're just not here."

And again, I kid you not, we were both down on our hands and knees—and I'll never forget this—groping [groping over his desk] over the carpet, and looking on the bed, under the bed, and we were both on our hands and knees, crouched, looking under the bed. And I saw him look at me, and the strangest look I've ever seen in my life came over his face, a mixture of being perplexed, relieved, half-mad, and he started to softly swear at me in a soft, affectionate way, telling me what kind of a so-and-so I was. I said, "Charlie, what is the matter with you? What has got into you?" "I could see him looking at me, and looking at me."

He said, "I'll be doggoned! You!" And he winked, went on. And finally, he let go with it. He looked at me, and I had his shirt on, with his cuff links in the shirt. And nobody had stopped to think—it had been his shirt that I had picked up to throw real quickly on me, and when I ran down in haste, I may not've even had it buttoned. When I ran down, I don't believe I did. When I ran down in haste to look for a collar button, I thought I—there was both white shirts—I thought I had put on my shirt, and I just slipped it on, and here I was, wearing his shirt, with the cuff

links on and time runnin' out for the dinner with the President, and we'd both about given up. [Laughing] and we'd been down under the bed, and both of us had our hands down, feeling, and when I did, I exposed the [laughing] sleeve with the cuff link on 'em! And I think if it had've been any other man, he'd've probably bopped me over the head right there, and fired me. Charlie just swore a little softly, and then saw the humor of it, and he said, "Come on, and get those cuff links on me."

He came back late that night. It's still a very nice memory. I was reading, I guess, and we lay there, and he was tellin' me about all his experience at the dinner at the White House, which all turned out fine. His hairpin didn't break in his [laughing]—in his collar, and it didn't show from behind his black tie, and he had his cuff links [laughing]. But we had visions of him going to the White House [laughing] minus cuff links, and his cuffs hangin', danglein' loose [laughing].

I elongated that, but it's one of my favorite stories, and it so illustrates the man and his temperament. Maybe we ought to close it there. I haven't said all the things I'd like to say about him, but maybe I made my feelings somewhat clear.

* * * * *

When Grant Sawyer came into office, I had known Sawyer from the case in Wells, when he was district attorney there. I had admired him, and admired his ability, and I thought he had done an excellent job as university regent. I stopped by Elko once. Probably, it was fortunate that I didn't get to see him, because I wanted to try to talk him into running for attorney general, and stay out of the governor's race. Of course, I had, admittedly, and would have admitted, I had

a personal interest in him staying out of the governor's race. I felt he would be a pretty strong candidate, although I have to admit I didn't realize that he'd be as strong as he turned out to be, that it would be much better. I had a personal axe to grind. But I thought he would've been an excellent attorney general, and that it would've been an excellent time for him to run. And I would have tried to do that. Probably, fortunate for me, he was gone, and the next time I knew, he'd filed for governor.

My early experience with Sawyer was not too happy. Of course, by this time, the gaming issue had come pretty much to a head. The wounds from the Thunderbird case and Senate Bill 92 were still pretty evident. I think, as I've indicated elsewhere, I was completely tired and exhausted; I wanted no more of gaming. Issues were developing more vigorous all the time, and it was getting down to the point where I felt I was being tried on almost every issue. And I really wanted to get out. I am sure some people weren't completely convinced of that. But I did.

When Sawyer was elected, it became evident very early that he felt that gaming should be separated from the Tax Commission. And I agreed with that. I think the Tax Commission was outmoded. At one time, they probably were the best state agency, but I was very much of the opinion that it should be done on a complete, individual basis, and that was professional, and it had to be developed more and more—of course, it did. And I knew that the time of me serving both jobs, as chairman of the state Gaming Control Board and secretary of the Tax Commission, and drawing down one salary for it (which, of course, was right), was over. I knew that that was just no longer in the cards. And I made up my mind that I wanted to be separated from the gaming end of it, and stay with the Tax Commission end, where I'd started, and

where I felt I knew more, and it was still of a great deal of interest to me. So I'd made up my mind early on that basis. It became evident very early that the legislature intended to do this. Of course, it was a new administration and a new broom, so to speak.

Administrations are never different, have never changed in the time that I've seen them. When I say administrations, I mean down on the level of departments and department heads. Each time a new department head is appointed to replace the previous one, the new one goes in, and immediately is fully convinced he has to straighten out his horrible mess, and this goes on *ad infinitum*. This is just a natural tendency, and, of course, somebody fresh coming in, I guess, sees a lot of holes to fill.

Sawyer came up with his—well, that was a little later, I guess, his famous “Hang tough” message to the gaming board. They were going to create a separate gaming commission. It was a foregone conclusion in my own mind, and in everybody else's, that I would no longer be with gaming, although Sawyer had never expressed himself on it. He never said a word to me about it.

I also inherited from Sawyer a problem, because of circumstance, I guess, more than anything else, that I didn't have with Charlie, so to speak. But a new administration is always suspicious of department heads around him that have been a part and been supporters of the old administration, because they think rather politically. I've watched it since I've been out of that end of it. And it still goes on. They just instinctively distrust the previous administration's department heads. And yet, many of those department heads that I knew were men who were dedicated to, or supporters of [an] administration for practical reasons. They had to be. But basically, they were interested in developing their own

department, and coping with the problems of their department. And there's been lots of 'em. It didn't mean that they wouldn't be just as able an administrative head for a new governor as they were for the old one simply because they were a part of another administration. And, of course, you can see many of these, men like Hugh Shamberger, and Alfred Merritt Smith, Bob Allen, and, oh, history is full of 'em—men in key positions in state government that were capable men, and who were primarily dedicated. But a governor coming in, and his supporters, are all talking to him on the basis of, you know, getting the broom out, and cleaning it out.

Now, of course, there has to be some cleaning. There's no question. And there's always some dead heads [that] develop. But I felt a little of this attitude with Grant Sawyer. My personal experiences with him had always been good, and I always felt that he respected me, and, I believe, respected my ability and experience in the job, but was never wildly enthusiastic about me. He accepted me. I was accepted because he didn't think that there was anything else to do. But I never felt that he was strong for me. I hadn't been part of his political campaign. I wasn't a part of the “team,” as they say, and every governor says he organizes a new team. Well, I wasn't on that team, although I inherited a position on it, and out of courtesy, I was discussed. But the “rah-rah boys” were there whooping it up and building the administration. And I think most incoming governors figure that they really have more power than they do. (I don't know whether I'm expressing that exactly right.) But I think that after they're in and settled a little while, they find there're a lot of things they can't change. And they find there are things that maybe they'd like to change, but they just can't do it. Now, they're the titular head of the state, they're

the head man, and in theory they say, "I can go in and I can do most anything." But even the most enthusiastic of 'em have found out that there are situations, there are people, there are positions that they just can't do just exactly what they'd like to do. Well, it's the same story, as is becoming more and more evident, in the federal government, like the State Department, and things like that. They build up, and no single man, not even the President of the United States, can come in and sweep 'em out and destroy 'em, because they just build too much power. And when I say power, I don't mean it in a derogatory sense. I mean, they've built up a position.

I believe, when Sawyer first came in, that he was entirely new to state government, as far as I know. He had his "court" around him, as I termed it, advisers and people who had helped him in the election, and one thing and another. See, these people that come in with new governors are long on campaign experience and political experience, but extremely short on technical knowhow; and government each year is getting more and more complicated. More and more, you've got to separate the people like in the Public Service Commission, and the Tax Commission, the Highway Department, the Employment Security—all of these basic departments, really, are becoming more and more of a profession. And even though some of them, still, are considered legitimate political spoils, the only thing that really happens to 'em is they replace the head person as a matter of patronage. But the department goes on the same way. And they've got to have people that (as I always used to argue) know their business. I used to argue with governors on that. "I just can't put anybody to work that happens to be a good friend, because unfortunately, in this type of business, we've got to have some people who

know something, or who are willing to learn something."

Sawyer called me in, along into the session, for the first time. And again, as I pointed out with Charlie Russell, I didn't go to him, 'cause that [laughing] isn't my nature. Maybe it's to my disadvantage at times. I didn't go to him and say, "Governor, here I am. What are you going to do with me?"

Oh, he, as I remember, was the first one to come in and demand resignations from everyone, every state officer. He asked for their resignation. He had come in with the idea he was going to run things, and he was goin' to let 'em know who was runnin' things. It wasn't a bad idea, either—I mean, he was aggressive, he was very strong, and he came out strong. So he asked for everybody's resignation.

Well, then, of course, the question arose, and it was discussed around the circles in Carson City, who was going to resign and who weren't. Now, some people are appointed by the governor to serve at the pleasure of the governor. Obviously, the governor has every right to ask for their resignation. When you get to people who are serving term appointments, generally, the terms are set there for a reason, for the very reason of carrying a little continuity in the government. And are they supposed to resign when the governor asks them, and says, "I want your resignation," and they say, "Well, I have an appointment to a specific term"?

I happened to be serving as chairman of the Gaming Control Board under an appointment from the governor. But by law, the secretary of the Tax Commission was, and still is, an appointment of the Tax Commission, and not the governor. No word is said about the governor appointing the secretary of the Tax Commission. It says the Tax Commission appoints him.

Now, the governor in those days was chairman of the Nevada Tax Commission, by his title, and so I had no term appointment. But on the one hand, we always knew—the Tax Commission made no bones with the governor, because they were a lay board; they only operated on meeting days—that whoever the governor wanted, they came up with. And I knew that as good as a friends as I had—and they were all good friends, and strong supporters of mine in the commission—that if the governor asked them to fire me and appoint somebody else, they'd do it. I'm sure most of 'em wouldn't've liked it, but I think by custom, they would've had to do it.

For instance, he had Bob Allen. Well, knowing Bob Allen, you know you're not going to get him to write a resignation [laughing] simply because a new governor asked for it. All a new governor would get out of Bob Allen was a fight [laughing]. And there was a lot of discussion between those of us that were in the group. I had some very soul-searching moments. I didn't have any aspirations to stay in the gaming end. I would've resigned anyway. I sent the governor my resignation as chairman of the gaming commission, to be accepted at his pleasure. This is the way he wanted it. He said, "I'll reappoint those I want, and those that I don't, I won't." But this was his way of saying, "I'm the boss around here, and you better darn well find out real quick."

I think he did this, too, a little defensively, because he was quite young. He came from the eastern part of the state, totally unfamiliar with state government, and unfamiliar with a lot of the people there. And it worked. It worked very well.

I got out of the other one by addressing it to him not as governor, but as chairman of the Tax Commission, and sending my resignation to Grant Sawyer, Chairman,

Nevada Tax Commission, not to Governor Grant Sawyer. He never said a word about it. But he's a [laughing] smart enough man and quick on the trigger, I'm sure he saw it. And he never said a word about it.

And in his own time, he sent for me, and asked me to come over, and said, "You have two jobs, and you know that's too much for any one man." I think he'd said something in a message somewhere about it, that it was just too much for one man. Well, it was. The only reason I had it was 'cause I'd grown into it, and it really wasn't right. It just didn't belong that way. But he said, "That's too much for any one man. You know you can't do that. Now, I want you to take only one job. Now, which one do you want?"

Well, he was learnin' pretty fast, or was either learning or had already assimilated some real good ideas on how to handle people, how to get along with 'em. Now, he didn't say to me, "You can have either one you want," or, "I'll appoint you to either one." He did it very beautifully. He just said, "Which one do you want? I think you agree with me that you should not hold both."

I said, "Absolutely."

"Okay. Which one do you want?"

Well, I have no way of knowing. I am sure in my own mind—well, it was very evident from plans he had afterwards—but I didn't give him a chance, although I'll have to admit that it occurred to me [laughing] just strictly out of devilment, or curiosity, or anything else. I didn't give him a chance by saying, "Governor, I'd like to be appointed chairman of the Gaming Control Board." I wonder what he would've said. I think I know what he would've said. But he didn't have to, you see. He didn't have to face that at all, because I said, "Look, there's no problem. All I want is to go back to the Tax Commission where I came from. That's where I started. I like it.

I'm tired of gaming." And now, in doing this, I took a \$5,000 cut in salary, 'cause I was making fifteen as chairman of the Gaming Control Board, and I was only making ten as secretary of the Tax Commission. And I told him once or twice afterwards—which, I think, he saw the humorous part of it, at least, after the fact—I said, "Governor, you better look at me real good, because you're probably looking at the only man you'll ever see in your life that's extremely happy over taking a \$5,000 cut in salary. I love it."

But very early in the game, as I say, I wasn't on his team. I didn't feel that I was, although by title and position, I presumably was. And he called us together a number of times, or two or three times, in general departmental head meetings, and kinda laid the law down to us, again, the same theory of saying, "You're going to find out who's runnin' this place." But anyway, we went on, on this basis.

He's such an intelligent man. I never saw a man, really, that had the native intelligence, and the grasp. He had a grasp of situations and problems. You could just see him grasp them. In all of the rest of the time that I ever worked in government and positions of this kind—most of the time, I was fidgeting because I felt I was getting something that the person running the meeting wasn't, or the person who should be getting it wasn't, and needed a little push, or a little shove, or help, because they weren't grasping a point. I never felt that with Sawyer. He would grab a point, and he'd go right to the heart of it. I never saw a man that could cast aside the chaff so fast, and go right to the heart of the problem, and bring it out and set it on the table. Because he was articulate, he was an attorney, he knew how to do it. And I admired him tremendously for his ability. I admired him tremendously for his stand. And even during this first year, when he, I felt, was doing some things because he

was a little unsure of himself, or things that he felt he *had* to do, that I thought he was taking a little, possibly, arbitrary and dictatorial attitude, a little more than he should, I began to admire his ability more and more.

I've seen him operate in that respect to where it just almost hit me with a startling impact, just to see him grab the problem. Again, he has that capacity, which is completely necessary to any person who gets very far, particularly in public business, and most anywhere else, he's got to know where his shortcomings—in other words, as I've said many times, he's got to know the things he doesn't know, or know what he doesn't know, and not try to get in too deep water when he's over his head. He had that ability.

I can remember them explaining a very difficult railroad assessment problem. And it was very difficult; it's a very technical, difficult matter, and the technician for the railroad was explaining it. And at that time, George Ullom was on the commission. George had been appointed. George was another man who was extremely intelligent, extremely capable at pulling things out. And here we were sitting there with a veteran Tax commission except for Ullom and Sawyer, and I knew it was going over the head of all of the other tax commissioners, and had for many years. But they just knew that we understood it, and never bothered too much about it. But I could see Sawyer wrestling a little, and he just stopped the meeting, and he said, "Just a moment. I want a recess." He motioned to me [crooking his finger] to come over, and he looked at me, he said, "Do you know what they're talkin' about?"

And I said, "Yes, governor. I'm no technical expert in it, but I know what they're talking about. Yes, I understand it."

He said, "Fine," called the meeting back, says, "Go ahead." But he wasn't going to let

the meeting go [laughing] unless he saw somebody there that he thought understood what we were talkin' about.

This is a little off the subject, but George Ullom was very quick on that. I saw, as I say, these two men sitting there, and I would see them grab points, and George grab a point that men who'd been on the commission for years and exposed to it before wouldn't—just didn't register with 'em. You can see things register in people at times. Very intelligent in that respect.

The only thing that I can say was that I had an uncomfortable first year with him, because, as I say, I felt he just kinda held me at arm's length, he tolerated me, but that was about it. But all the time that I was watching, my respect for him was increasing, except for the one area that I thought he was not matured in enough. I thought he was not handling some problems—that he could have shown more maturity, as I sort of express it. Also, that first year, I think that a lot of this was built up by some of the people he had around him. As I say, it was a knuckle-rapping, "You do what we tell you" business, "This is where the orders come from." And I think this was built up a lot by the people that were around him, and who were convincing him of this very fact, that he should do this thing. As I say, when we'd call these large department head meetings, everybody—the head of the Employment Security, the highway engineer, the state engineer—all of 'em would be called in. And I remember of him tellin' 'em once, (he said this, and he was right. Again, it showed his astuteness), he said, "I haven't done the things I should in these first months, or first year," whatever it was—few months. "And," he said, "if I had to run for governor of the state of Nevada right now, I wouldn't be elected. And," he said, "the reason I wouldn't

is because I'm not getting the things done that I know have to be done. And things are going to change around here."

Another thing that comes up with most governors, and particularly Nevada, has dropped (I think, again, it's built up largely through their supporters)—he said, "I know there are some of you here that don't want to get involved in politics, and don't think that you're involved in politics in your jobs." Well, of course, that was a little tender point with me, 'cause I think I was the most notorious one of the whole group, although I would say Huston Mills of the highway department was another one. But nobody ever [laughing] accused him much of bowing and scraping to political people, like his predecessor, Bob Allen. By this time, George Allard, an old friend of mine, had been put back as chairman of the Public Service Commission. But he said, "You people are going to be involved in politics every minute that you're in this administration. You're going to think politics, you're going to become involved with them. And if you don't, I'm going to fire you." And it was a pretty good statement to make to, I'd say, twenty-five or thirty people involved, some of 'em, as I say, Huston Mills, Hugh Shamberger, people like this, that had been there for a lifetime in their jobs, and had demonstrated pretty well their capability of doing the job. And all it did was add a little to the uncomfortable feeling, that I had.

Rather early in the game—I'd say within a year (it's a matter of fact, what the time element was)—he got involved in an argument with the press over their—. Gosh, I got so interested, or, was so impressed by the outcome of it that I've almost forgotten the issue, but it was something about the press attending meetings, things of this nature. and they were going to sue him. And they started

a suit. And he came out and took a stand, I thought a beautiful stand on the thing. And he won that argument. The suit never went through, but he won the argument, and, as I say, took a strong stand on it, and a wonderful stand.

I don't know whether anybody else has the same observation, but to me—and maybe I've got it too much focused in my mind now—but to me, that was the time when Grant Sawyer completely changed. To me, he matured overnight. From that time on, he [was] different. And maybe I'm the only one that spotted it, but to me, he handled things differently. The only expression I can use is, he matured. All of a sudden. I never saw anybody exhibit the change so fast. He became more tolerant, he lost the attitude that caused a little uneasiness that first year. And you never could—I never could—take issue. Of course, I happened to philosophically agree with most of his stands; I mean, more so than other people that I've been more closely associated with. I just agreed with his stands. He was quite liberal, and for Nevada was, I think, really, the first liberal governor. And I admired his stands so much, and his ability to express them. And virtually from that time on, I just almost watched him with open-mouthed amazement. He changed in his handling of people. He was confident. He didn't any longer have this other cockiness that was a coverup as a defense for, maybe, some inadequacy he felt. Well, once he won that argument and it gave him stature, he got to the place by his own initiative where he really belonged. And he just completely lost the things that had kinda worried us up to that time. I just had to respect him more and more, although, as I say, he was still a little bit standoffish. I could feel a little bit developing between us, a little more.

Of course, [laughing] previously, I was used to being called in by every governor and discussing their problems, and he was the first governor that was at all difficult to see. You had to have an appointment with him, and he wanted to know what you wanted to talk about, and he handled you rather brusquely and quickly because the governor's office was outgrowing the time when just any old John Citizen could drop in, and somebody's Uncle Louie could drop in, and say hello to him. And it was proper. It was the way that it should—. I could sense a little more confidence, I believe, with him in our relationship this way, but there was always a little bit of an arm's length that he used.

I remember the first budget that came in, and the first salary raises that came up. I was getting, statutorily, \$10,000 a year in the raises. I got a raise to \$10,500 and I'd been on the job for—. Oh, they first made the department heads on a staggering salary scale, on a five-step scale. And then the legislature went into it and fixed the classification of the jobs, the beginning salary, and the top salary. I'd been on the job for twenty years, in that same job. I thought it made a pretty good record. And I was started in either the first or second step. It was at ten-five, and I can't remember whether ten was the first step or the second. Others of his administration who had been what I call part of the "rah-rah" boys, and started at the third or fourth step, who hadn't been in the job two months. Of course, I felt that if anybody was entitled to the top of the scale step, I was, definitely. Here with seventeen years of service, or whatever I'd had, I'd earned it. But I didn't. I started down. It didn't bother me that much. I accepted it. As I say, several of the people who got step raises were long gone before I was. But anyway, this was just one incident in it. But I knew I had

to earn my way back with him a little, or to get a little closer with him.

But as I say, I'm sure we had a mutual respect. I just got to the point where, as far as his ability, or the way he handled situations, I think he's the best governor that Nevada ever had. I admired his stands. They were so well thought out, and everything, and for his time—he wouldn't've belonged in Charlie Russell's time, but he sure did in his time. And I just grew to admire him more and more. And I didn't care whether he fired me the next day. I'd still have to go along with his government philosophy, and his stands.

So when the time came [that] I applied for the job as county administrator in Clark County, it came as a matter of circumstance. [Sawyer] was in his second term. He'd just been reelected. So I served the full four years, and he was just going into his second term. And I supported him for reelection. I would've supported him—as I say, I would have supported him if he had've fired me, because I believed in him. I believed in the things he stood for.

And so the Clark County job came up as a matter of circumstance. By this time, in that four-year period, I had graduated through a painful step-by-step deal where, after getting closer to twenty years of service, I was about in the fourth step of the salary picture. I finally wangled my way to the top in four years, but again, state salaries [had] the same disparity, generally, they have now, particularly in Clark County. Clark County salaries were way bigger than they were on the state level. They just paid more money.

In that legislative session of '63, they got a bill authorizing the county commissioners to hire an administrator for Clark County. And Clesse Turner, who was a very good friend of mine—I've kinda skipped on the

Tax Commission, and I haven't gotten up to Sawyer's Tax Commission—Clesse Turner told me [while] we're having a drink at Enrico's one time on the way home, he said, "The county commissioners of Clark County are going to hire a county administrator." And Clesse was always a loyal friend and admirer of mine. He said many times he thought I was the smartest tax man in the state (and he was definitely wrong in that, but it showed his opinion of me). And he said, "If you are interested in the job, I'll put your name in the bucket." He'd been county commissioner down here.

And I said, "Me, go to Clark County? No way. You're not going to get me down into that wild place. And," I said, "I love it where I am. I like my work."

"Well," he said, "you know, they're puttin' the top bracket salary of \$22,500 on it." I was makin' \$13,500 then, I think. And he said, "You might not start at that, but that shows you what they're evaluating the job at."

And I said, "Oh, I know. But it costs so much more money to live in Clark County. And that place—I'd just rather live in Carson City or Reno." We were living in Reno at the time.

I got home, and I got to thinking about it, and something had happened that I had not been really indoctrinated in. Oh, C. B. Kinnison had called me and said he was going to put in—. He was a good friend of mine. He was county manager of Washoe County. And he had called me, and he said, "I'm going to put my name in for that job as administrator down there, and can I give your name as a reference?"

And I said, "Sure. I'll write a letter for you. Put it down as a reference."

He said, "That's assuming you're not interested in it, or something."

And I said, "Ah, I'm not interested in the thing. I'll give you a letter, sure, all right." I like Kinny, still do.

But when I got to thinking about it, I just hadn't brought my thinking up to date, 'cause the legislature had changed the participation of the state retirement system, to where it had started with a ceiling of four hundred dollars a month participation, which meant you could only have a retirement on a four hundred dollar base, which meant that a normal retirement brought you two hundred a month, and then they raised it to six hundred a month, which, of course, brought you to a basic retirement of three hundred. But I had forgotten that the legislature that year had taken off the ceiling and allowed you to participate to whatever salary you made, and that that salary— in my instance, I was three years away from retirement, and I had just three years to make a retirement base. And whatever I earned in that three years would be my retirement base.

So I sat down, got a pencil out, and figured out what that meant to me, [laughing] knowing what they had the job evaluated at, and it just hit me like a dash of cold water. And essentially, about all I could do was put down my pencil and say, "Clark County, here I come, if you want me" [laughing]. That's going to make about three hundred dollars a month difference in my retirement in three years. And there's no way I can turn it down. Then I began to worry that maybe [laughing] I couldn't get it. I'm telling this in sequence because it's just following out my thought with Sawyer.

Also, another thing had happened between the time that Clesse had talked to me. I noticed that one of the commissioners had resigned, and that Sawyer had appointed his very close friend, probably a man who was

as close to him as anybody could be, Ralph Denton, who was also a very close—was and is— a very close friend of mine. And I knew, with Ralph on the county commission, that I could start out with a mark of one on the wall as a help.

Then I began to worry that I couldn't get it. So I did; I called Kinny, and I said, "Kinny, I'm sorry, but I just figured out what it meant to me."

He says, "Oh, you did, did you?" [Laughing.]

I said, "Yeah."

He knew. He says, Well, I wondered why you didn't jump to it before. And," he said, "that's all right." He said, "I really don't want it that bad." I don't think he did.

Like everything else, [at first], I didn't want it at all, and then, by the time I decided I wanted it, I was beginning to be [laughing] afraid maybe I couldn't get it. But at the time I didn't want it, I was just sure I could've had it at a beckon of my finger; it was that easy. But as it turned out, it wasn't that easy.

Bob Baskin, a wonderful, wonderful old-timer here in Las Vegas, was one of my two loyal supporters, and I never had a more loyal supporter in my life, before or since, and I never knew the man. He'd formed his opinion of me through people that he knew. Grant Robison was one. And I didn't know Grant thought that highly of me, but I'd worked with Grant for many, many, and liked him. We'd had some differences. But anyway, I heard that Bob Baskin was just one hundred percent for me. He wouldn't listen to anybody else. So then I had two out of the five before I ever came down.

But I decided I had to go, and I thought I'd better talk to the governor, the same way that I felt about Henry Schmidt when I was applying for a job he had an interest in before

I went into the commission. And so I went and talked to him, Grant, and probably did something I should have done before, because we had, probably, the most satisfactory talk we'd had up to that time. [He] sat and listened to me, and I told him, I said, "I've always admired you, governor. I have never had the feeling that you felt that strongly about me," but I told him what I wanted to do, and why I thought I should do it, that it was a personal problem for me. I've never met a man in my life, a really big man, that would ever stand in anybody's way when it was put up to 'em that way: "I can advance myself if you'll give me your blessing." But I said, "I'm not going to go down there unless you know about it. And," I said, "I'm not asking for your blessing, but I want you to know. I want to give you time to solve your problems. I'll stay here with the commission as long as necessary, if I can get the job."

And needless to say, he said, "Fine, I think it'd be a good move for Clark County," and we had a very nice conversation about it.

But the rather unusual element of this story, to me, is the fact that my mutual relationship with Sawyer began there. And from that time on, I had an entirely different feeling about him, and I was closer to him afterwards, than I ever was during the time that I was in the administration.

I can remember telling that to Ralph Denton, who, as I say, was as close as any man could be. Governor Sawyer was not the type of person that anybody got too close with. He's a little bit like another very fine Nevada public servant for a lifetime that's in the same category. You can get about so close to them, and then they close up to a point, and figure things out for themselves. They don't really want—they're not the type of people that want people that close to 'em. I think they feel more confidence in solving things by themselves,

without having too many people helping them after a point. That's Senator Bible, Alan Bible's that way. I think I know Alan, and feel about as close to Alan through the years—I haven't, not in recent years, been that close to him. There's nobody that can really say they're a really close confidant of his, because he keeps his own counsel pretty much.

I was telling this to Ralph Denton, and I said, "You know, the funny part of it is that he's always kinda held me at arm's length, and I always felt he kinda tolerated me in the last four years. And yet, I don't suppose—and I never could convince him—I never tried, really, but he was never convinced that I was really one of the best admirers he had. I just admired him tremendously."

And Ralph Denton says, "Sure. I worked for him for pretty near five years," or into his second term. "And it wasn't until then that I felt that his little reservations had completely withdrawn from me." And from that time on—and I mean, we had, of course, less to do with each other—from that time on, I always had a much closer, different feeling for him, and I think he did with me. He loosened up with me, but I had to leave to do it.

A NEW CAREER: CLARK COUNTY ADMINISTRATOR

I think, previously, I've gone over my reasons for coming down here to Clark County as [its] first county administrator. I knew when I came down that I was coming into a fairly difficult situation, if for no other reason than [I] was the first county administrator. A new position [was] being created, putting in a county administrator, and nobody was used to having one. They were used to doing things the old way. And I knew that, basically, this was going to have problems connected with it, as you always do in a situation of this kind. Fortunately, in this respect, I happen to be a fairly patient person. I learned that in the Tax Commission and the gaming business, and I knew that we were going to make progress slowly, and that I would have to work with the existing situation that was there.

I don't think I was quite prepared for what I actually hit. Clark County had grown tremendously, and so fast, and it was being run by the county commissioners. I don't think anyone could probably define the place where the government became so big that it

got away from the county commissioners. They just weren't able to take care of it in two meetings a month, and then all of the other things that were piled onto it. And, of course, county administration was somewhat new to me, although I was closely associated with the counties in all the years that I was with the commission.

They gave me an office on the second floor, and I came in and sat down at the desk with the title of county administrator, and that was about all. The best description that I could find of an awful lot of situations I ran into is, things were just strewn around, almost knee deep, all over the floor. Things would be brought up to the county commissioners, and they'd make some type of decision on it, and pass it on. And then it'd go down to one of the departments and stay there, and nobody to follow it up, nobody to see even what they'd ordered, or what they'd done, was going to be carried out; and if it happened to hit into a department that happened to be particularly interested in it, they might've followed it and carried it through, and in other instances,

they didn't. And, being operated by county commissioners, with political (I don't know whether to use the word *motives*, or a political *setup*) operated, and all of that, was pretty much developed on a helter-skelter basis.

Clark County always has been, and still is, a county that has a very noticeable structure, even though you might not be able to define that power structure as to any—. I don't mean, by that, that any individual group, or any individual interest, but the people who had developed the county, had made a lot of money in the process, and they became, of course, the leading citizens, and also, the power structure. And consequently, 'most everything that was—. I never saw so much activity, and didn't dream that there could be that much in, for instance, planning, zoning, use permits, variances, in a rapidly growing community. And, of course, the people who belong to the power structure are the people who most capably represented their case, and who got the most attention of the board of county commissioners. Even though there was a master plan that was in the process at the time I came in (and had virtually been completed when I came in) there had been no master planning, and development just grew.

One of the noticeable things—and it's still that way—is that the county, in its development, grew so fast that—. The general conception of the public is that it's a cardinal sin to oppose progress. Anybody that comes in that is going to make an investment, about all they have to do is say, "Look at the investment I'm going to make in the community. Look at the people I'm going to employ. Look at what I'm going to contribute to the community," so other factors got little consideration. And it's too bad. You have those rare communities that serve as examples that *have* started on a basic plan and stayed with it, and that really developed. I don't think that development

would not have happened in Clark County if it had been orderly and done properly. Of course, these people coming up would say, "If you don't let me do it this way, I won't invest my money." And that's *really* a sin, so you've got to let 'em. But yet, communities like Carmel, and Scottsdale, and Palm Springs, and places like that, that have conformed to a master plan, and been fairly strict in their variances and use permits, have grown, and serve as a notable example.

But variances were the order of the day when I first came here, and it hasn't changed a lot, although I think it's improved some. Most of the agenda was just people coming in and asking for variances for use on their property. And, of course, the fights get quite bitter. Now, that's made, primarily, as an observation on Clark County, because, really, it basically didn't have, and still doesn't have, too much to do with the duties of the county administrator. That's the duties of the board of county commissioners, but nevertheless, it kind of sets the whole tone for development here.

And other development has gone the same route. The Strip developed, at one time, quite a distance from the city. There was quite a gap between the city of Las Vegas and the Strip. And in those days, the city couldn't provide services out there, didn't want to. It was too expensive, it was just not in the cards, so they developed on their own. They developed their own wells, their own water supply. And in the early days, the Last Frontier, for instance, had its own power plant. And, of course, they were sitting on the highway, and this provided 'em with a well-kept access road; it was a main road. But they developed their own roadways inside, and then, later on, they developed their own sewer districts. Sanitation districts were developed separately. The sanitation district number one served primarily the Strip and

Paradise, the valley area. And these were operated by separate boards, and, of course, there was quite a lot to do about that in times before I came here. There was undoubtedly a lot of money made in development. People, for instance, who knew where the sewers were going knew where to buy land, and people who might have something to do with what sewers were being built, or what mains were being laid, had a little advantage on the people who didn't know where they might be going. And I'm sure there was a lot of that. This was brought out in some of the issues that have developed over these things.

I found that we had about thirty-five taxing districts in Clark County, overlapping sewer districts, and overlapping recreation districts, general improvement districts, and there was quite a hodgepodge.

Of course, everybody who had been dissatisfied, or didn't feel that they had gotten a fair shake from the county commissioner—and, of course, there's always hundreds of those—it seemed to me like all of 'em singled me out before I'd hardly sat down in the seat, and tried me on, to see if I couldn't do something about their problems. And I had a pretty confused feeling for awhile.

The county commissioners weren't used to having a county administrator, and I, originally, was just somebody that sat at the meetings, and listened to what went on, and they talked to me once in awhile if they wanted some information, but other than that, I, really, when I first came, didn't have much idea of what was going on. I'd found that, for instance, they hired a recreation director. They were creating a new job, didn't even bother to tell me about it. Of course, it was something that had been in process. I guess they had made their decision before they had brought me down as county administrator, but I [laughing] never found out about it

until after the fact, and it happened to be one of those cases where, in my opinion, they got a very good man. But I found out about it afterwards.

The Winterwood golf course development came up about that time. There, again, they'd all made up their minds. (This was after our recreation director had been appointed, and who I worked with very well.) And there became quite a stir over that. Probably, there should've been. And, of course, they'd made up their mind already as to what they were going to do. One commissioner was opposed to it, and finally suggested (he did it, I think, in as much of a desperation move as anything else) that they had hired a county administrator at the pretty good salary, they'd hired a recreation director at a pretty good salary, and nobody's ever bothered to ask them to look at the project to see whether it was good, bad, or indifferent, or had even consulted 'em about it, at all.

It worked as the commissioner hoped it would. It stalled it for a little while. And both the recreation director and I came up with reports that I would still defend, against the project, and pointing out that the way they'd worked out was not equitable, and it wasn't a good deal to the county. In separate reports, we both came up with that, but they still approved it four to one, which was [laughing] the way they had it set in the first place.

I gradually began to be familiar with what was going on around me, and I realized that it was a long, slow process, that the county [was] in the same position as probably the state was in—in Clark County, even, probably, more noticeably. It was far too large to be run in the old manner, by county commissioners sitting around a table, who happened to know 'most everybody in the county, and knew the problems of the county. And if you had good men, men of good judgment, and honest

men, the problems of the county were not overwhelming. But for anything growing as fast as Clark County had been growing, it had just outgrown the stage of being operated by county commissioners. The county manager, or city manager system, as it's generally called, was long overdue. Yet it was still small enough that the old theories and the old methods still prevailed. So although there's a lot of things that you can see—as a reformer— could be done, and should be done, you had to live with a lot of it and be satisfied to just grab a little piece at a time.

And we got a little bit of control here. In the time I was there, they never got over the idea that the county commissioners, one of their functions was patronage. They didn't have a merit system at the time, and they pretty much controlled employment in the county. Of course, the elective officers ran their own offices in pretty much the same manner, and it was their prerogative to hire and fire. If somebody stepped on the toes of their friends, why, that was the time to get rid of 'em. And the fact they supposedly had instituted a county manager system of government, these things weren't any longer supposed to be done, but they still were.

Kinnison had pointed out to me, from his experience—and, of course, he'd been in the business most of his life. I had a lot of respect for him. He at that time was county manager of Washoe County, and had been city manager in Sparks and Reno, both. But he pointed out to me that I'd have to realize that it was slow, and that people weren't going to change tremendously. But you had to convince your board that under the manager system of government, the board is supposed to sit on policy, and, of course, control and dictate the policy. The administrator, or the manager, is supposed to be the chief administrative officer to see that it was carried out in accordance

with the board's rules, but that the direction should come from the board, as a whole, as a board action, and not as the action of individual commissioners. And, of course, this, at that time, was not in the cards at all. I don't think it's changed completely yet. Individual commissioners wander around giving orders to what they think is the best way to do things.

Quite often, county commissioners separate their fields. This wasn't noticeable in Clark County because of the tremendous growth, and the helter-skelter, and it was going on all around us, to a degree, it was. They'd go to their own sphere of interest. Small counties still split up the spheres of interest, and one commissioner is the road commissioner, and he takes care of the road problems; and another commissioner is the public works commissioner, and he takes care of those problems; and a third one may take care of social problems, or something else, and each kinda split it up and run it as little kingdoms of their own. And that, of course brings the kind of government that's dependent on the individuals that run it. If you've got good, solid individuals in there, it's like a benevolent dictatorship. It's more effective than a democracy, because you've got a good one. And if you happen to have a bad one, why, things, of course, get worse. And things in Clark County pretty much were going on that basis, although I built up some nice relationships with most of the commissioners, and it began to change a little.

I found out that, primarily, I was brought down [here] because I did come from the Tax Commission. I was familiar with the financial situation, and this was the crucial one at the time. There was the continual fight going on between the cities and counties, and particularly, with North Las Vegas, and that

I was brought down primarily because they figured that I was about the only one that would be a match for Clay Lynch who was the city manager, and still is, of North Las Vegas, in the scramble for the tax rate. (I think we've gone into that before, where the five-dollar rate ceilings, the four general levels of government under it, and they become competitive with each other for that rate.) Clay had spotted a weakness in the county budgeting system, and he was right. As a matter of fact, the first year that he came up to the Tax Commission, I supported him in it, because it was still being run in the same old manner. Prior to the time that I came there, the individuals doing the county budget were capable people, but not particularly trained in budgets, or finance. And, of course, they (this happened in the state; it happened when I was doing budgets) the easiest thing for a person doing a budget is to take no chances with his revenue estimates, to keep 'em low; keep your expenditures up, and your revenue down, and you constantly build a surplus. That way, you take no chances, and you have no problems. And Clark County was building a surplus, and Lynch had it spotted. He's a very capable individual. And he had given some of the people in the county some pretty good beatings in a number of areas. He is aggressive, he is capable. The whole city of North Las Vegas was fighting its way up, they worked as a team, and they were making some inroads into the areas that the county thought was their own, and sacred to them.

It's still true in Nevada, in most instances, the county government is the dominant government. And the rest of them conformed to whatever the commissioners happened to set down. Well, when you have a situation like you have in Clark County or Washoe County, the cities probably affect the masses of the people more than the county does in

the urban problems, which are the growth problems.

So the newspapers, of course, made quite a to-do about it, and billed us as though it was the battle of the century, and spent a lot of time building up the reason. And, of course, they expanded on the fact that this was why I was brought down, was to put Clay Lynch in his place, and they felt that I was about the only one that might be able to do it. And they billed us as antagonists, had reporters at that time that were following it, and they'd write it up in the columns.

And, of course, I didn't like that. I thought it was blown entirely out of proportion. And while I do, and did, respect Clay's ability—and I don't think he really enjoyed the fact that it was being brought out as a personal battle—I don't happen to agree with a lot of Clay's tactics. I wouldn't do 'em the same way, but I never could dispute the efficiency or the results that he obtained from 'em. He was very successful in it. He was no mean antagonist, as the saying goes. And he was out to shred the county for anything he could get. He'd been fairly successful at it. And so we had a battle royal that was, I think, overemphasized in the papers.

I had cut down the surplus balances in the county in the first budget that I was connected with after I came in (I came in in August, and the budget hearing started in about February or March of the following year), and knew that I had to do this to compete with him. On the other hand, Clay would take anything that he could get, and he made a very strong pitch the first time—as a matter of fact, he tried to cut the county rate about in half, which was ridiculous, and probably he knew it. But he thought this was a good strategy on his part, and, of course, Clay didn't hesitate to use any figures that he could. He was very good. He'd strew the wall with charts, and graphs, and

things of this nature, and, of course, I think that a lot of 'em could've been attacked as not being entirely factual. He was an expert at putting his best foot forward, which was what he was hired to do. As a matter of fact, of course, we did have to attack a lot of his charts and figures, which weren't entirely factual. And we went the route. There always was the feeling that, because I came from the Tax Commission, that I knew how it worked, and knew the members on the commission, that I had a big advantage in this respect. I never felt, at the time, at least, that it was an advantage, simply because in situations of this kind, and knowing the type of men that composed that commission, quite often, it's human nature to lean over backwards in fear of favoring somebody you're possibly expected to favor. I'm sure that my previous experience had some advantages.

We went down to a knockdown and drag-out the first year, and finally went to hearing. I guess we spent most of the afternoon going at each other. We'd had a couple of local hearings the same way, in which we were reputed to've gone at each other like a couple of stray bulldogs. But we had it out.

Basically, I came out pretty well in that first hearing, didn't lose too much ground. Of course, I didn't think we should've lost much ground. Possibly, where Clay may have looked a little worse than it actually was, was the fact that he had started out trying to grab so much. He started out trying to grab fifty cents of the rate, and ended up with two cents, or something like that.

The newspapers, again, made quite a to-do about it, and played it up as though I had won the big, crucial victory, and again, played it up as a personal battle. And it really wasn't that much, as I have said, because I don't really think Clay felt that strongly about it. We both respected each other, and like a lot

of other situations in a lot bigger areas than Clark County, if we were left to work the thing out by ourselves, we might've come up with a much more reasonable solution. But with all the fanfare that the newspapers put on it—with all of the background that was behind it—and, of course, the commissioners were—there were some personalities involved between commissioners in the city and county, so feelings were quite high on it. Presumably, I justified my reason for existence, and went along in better shape after that.

The ensuing arguments that went on in the next couple of years, the next year, at least, were really [an] anticlimax. We went at it once again, and things weren't changed too much. Of course, North Las Vegas was the aggressor, and they were trying to get things away from the county, and the cities were allying themselves with North Las Vegas because, as municipalities, they felt they had common interests. But we didn't lose too much ground the next year.

But the problem stems from the fact that the way Clark County has grown makes a kind of a confused pattern. Some of the biggest part of the urban area of Clark County is in unincorporated townships within the county, not municipalities, at all. From Sahara Avenue on is county property, and yet, it's urban in nature. There's probably some 75,000 people in that area because the residential area has grown up right around the Strip, and in this area, and that's where all the growth has been. So consequently, you have a county government, that was never really intended for that purpose, governing municipal problems, problems that are really not supposed to be a part of county government.

The normal conception, and it still is not a bad theory, that cities should take care of municipal problems, and counties should take care of general problems that are countywide

in nature—county roads, county hospital that serves everybody in the county, a county health department that serves everybody in the department, the new fields of ecology and of air pollution. One of the first expressions that I had developed in regards to those things, were that, “Germs or smoke are not respecters of city boundaries. They don’t know when they’re in the county, and when they’re in the city.” And when you’ve got areas, as you have in this county, where, from North Las Vegas clear through to the end of the Strip, or its surrounding area, it’s all built in, and unless a person knows the boundary lines, they don’t know whether they’re in North Las Vegas, when they go into the city of Las Vegas, or when they go out of the city of Las Vegas into the county, ’cause it’s all the same in nature. It’s all urban. It’s all completely grown in. A board of county commissioners, through a town board that is set up, which really hasn’t any basic powers— it’s set up for them, governing municipal areas. And this is the fight in Clark County. Of course, the cities stuck together on it in the municipal problems, and, of course, they always have felt that this area out here belonged in a city, and in this instance, probably, the city of Las Vegas. And theoretically, that’s not wrong. That’s probably correct. But because of the way that the county grew up (and this is true in most any situations of this kind) the way that you’ve grown up, largely determines your pattern of existence long after the reason for your growing that way has disappeared.

Originally, the Strip developed on its own, simply because the city wasn’t interested, couldn’t serve it. There was too much of a gap between it. They built up a sanitation district to take care of all of the sewer and waste problems, which was governed by a separate board for a long time, until problems overcame it. The water district is a separate

district, evolving from the old Union Pacific water system that originally had all the water for the county area, and that’s under separate board. And consequently, the need for municipal services were met by substitution of that service under a county board. When the city finally grew up—the urban area grew up to where you couldn’t distinguish between it, now, the city spots the fact that it should belong in the city. And all of that valuation out there, that valuation of the Strip hotels, is certainly a pot of gold for ’em. And now, they feel that they should absorb it because of the correct theory, that cities should serve municipal problems, and counties should serve theirs. But that isn’t the way they grew up, and that isn’t the way it’s developed, and it still is this way. There’s a lot of pressure on it, but it’s still being run by the county, and they’re not about to give it up very easily, or very gracefully. Their whole financial pattern has grown around it, and it isn’t an easy matter to correct.

Of course, we also battled the city of Las Vegas. I think the second session, we had a bigger battle with the city of Las Vegas than we did North Las Vegas. But they have the same basic problems.

I stayed in the county government for three years, and I think the third year, we finally settled our problems without appealing to the Tax Commission and to our own boards. And they’ve been up several times since, and I think only once, until this last year, did they really avoid it. But that, of course, was the center of the problem. It was far overestimated, as far as my functions, or my duties, or the things that happened in the county in the time I was there.

I felt that I did make a little progress here, a little nip here, a little nip there. Gradually, the county commissioners began to realize that there was a county administrator. But it

was slow. My successor had told me, before he ever came here—Dave Henry was city manager of Sparks—that it would take, [in] his estimate, seventeen years for the county to actually develop into a county manager system, to being operated the way that it should be operated. And I don't think he's too far off. I was there three, and he's been there about five. And he's made progress, probably more than I did. It's just one building on the other. But I know that he's far short of the goal that, as a professional, he feels they should attain, and probably will attain sometime. Attrition has a part in it. The old power structure begins to—the attrition begins to show on the power structure. It begins to show on the political power structure. The old-timers either retire or die off, and new people come in that could start with a system of this kind, and don't know any different, haven't anything to compare it with. So it develops better.

After I'd been with the county about two years, quite disillusioned with the progress I was making, I got a call from Grant Sawyer, governor at that time. And I think I've recounted how my relationships with Grant developed stronger after I left the commission. I was in Menlo Park, working on an airport problem, when right out of a clear sky, the girl came in and said, "Governor Sawyer wants to talk to you." I didn't even know that he knew I was down here, or in that particular office.

He wanted to see me, and he told me that his director of welfare, or whatever the title is, Mike O'Callaghan, was resigning and going to take a job with the [U.S.] government, and he had to come up with another appointment. Grant wanted to announce the other appointment and the resignation at the same time (that's one of the first political tricks that 'most any governor learns, is to reduce the pressure period), and

wanted to know if I'd be interested. I just was disillusioned enough that I wouldn't dismiss it entirely. So he asked if I'd stop over and talk to him on the way home, and I said I would. I told him I didn't know the social welfare end of it and those problems. And he said he wanted an administrator; he didn't want a social worker, and that he felt that I had the qualifications that he really wanted. So I told him I'd let him know. I only had a couple of days to make up my mind, but I told him I'd let him know.

So I came home. I finally told the county commissioners about it. They'd been very nonchalant about me up to that time. I'd felt as though I was kind of a necessary evil. They liked me. I knew that, and I had no problems with 'em. But I was more or less an adjunct around there that they were used to seeing around, and used to callin' on when they had troubles, and, of course, that was common. But other than that, they felt perfectly adequate to handle the rest of the duties.

So they asked me if I was considering it, and I said, "Yes, I am." And they asked me why. And I told 'em why. I don't remember how many I talked to. And I told 'em why, that the county administrator, or my job, was just kind of a necessary piece of brick-a-brack around there. They didn't pay much attention to him, except for the things they needed. Whenever they wanted money, they were real quick to come up and tell you what they needed. One commissioner, in particular, probably had the most power of any of 'em. When I'd say, "Well, where do you suppose we're going to get any?" he said, "Don't ask me. That's *your* problem. Get it. Find some room in the budget for this." Well, of course, that was very handy, to have somebody in that position.

But I just felt that the managerial system required that the manager have something to do with the department heads, with the hiring

and firing, maybe not the final authority, but should initiate it. The city manager hires and fires the department heads. And they do it with the approval or veto of a commission, but it isn't their function. And I told 'em that. I said people're being hired around this county, and particularly in the parts that are directly under the county commissioners, and they're bein' fired the same way. One commissioner, in particular, just drops up, and he's got everybody pretty much buffaloed, and he just tells 'em, "Fire this guy who's sterin' some friends of mine," and they fire him. The guy may come to me and give me his story, and I go back to find out, and the county department head is very frank in saying, "Well, I was told, and I just do as I'm told." I said this is going on, and I think it's generally conceded they should go through the administrator.

I think that the road program in the county should be under the jurisdiction of the county commissioners, and a road plan filed, and the new projects developed as a matter of plan, approved by the whole commission, and followed, and not by one commissioner walking off and saying, "I want a road built out here," or, "I want one built here," and another commissioner comes in and wants one built out in his particular area. This is the way that it runs. It just shouldn't run that way. And I'm about fed up with it, and while I'm not real hot about going into a field that's entirely new to me, I at least knew what I could do when I was with the state, and didn't have this kind of a problem.

So they, finally, one way or another, talked me out of it. That's a long story. And the commissioner who probably was the biggest offender in this respect was the one who spent the most time trying to talk me out of the idea of leaving. I had a meeting with 'em, and they said, "We agree. This is the way it should be

done. We know you're right. That's the way it should be done, and we'll do it this way." I can remember this particular commissioner standing at the door before he went out, and said, "Well, now are you satisfied? You're the big squeeze around here. These things are going to go through you, and you've got it the way you want it. Are you satisfied?"

And I said, "It sounds great!"

And he went out the door. It took me a week or so to find out that he went out the door, and got in the elevator, and went straight upstairs and walked over to the department head, and said, "Fire this guy!" [Laughing.] "I don't want him around any more!"

[Laughing] And also, I didn't find a bit of difference in them. Oh, they were nice about it. Most of them were good friends of mine, and they were very nice to me personally. But there really wasn't a lot of change. They went ahead in the same old way. They did things in the same old way, and once in awhile they'd check a little bit, or draw up short and ask me what I thought about something. The only place they didn't bother me was on finances and budgets. This was over their head. They knew it, they knew I was qualified in this respect, and pretty much left that up to me. Of course, I suppose one of the reasons there, also, was the fact that—the old saying, "You don't argue with success," and I'd been fairly successful in doing things for them that had never been done before. I think I made starts in other areas. But the only real accomplishment I made at the time (and a part of that, I think, has been lost) I did hold the financial policy down. They didn't go on a spending spree. I always kept 'em in check with the same old question that I've quoted, kept 'em conscious of the fact that every time they did something that brought about expenditures of money, somebody had to balance on the other side to bring the revenue

in. And, of course, politicians love to spend the money, but they don't like to impose the revenue acts that make the people mad. So they always, of course, want to get by with the existing revenue system, but they want to continue to spend money. And, of course, you could for growth. I mean, growth always gives you more [revenue], but you grow faster in demands than your revenue. But I did keep them on a fairly conservative basis there. The particular board that I had had been there a long time, and they just weren't too fond of the idea of adding any new taxes, or any new ordinances that brought in license or tax revenue, and so they did realize that they had to live within their income.

I saw the county was coming to some very crucial problems, and that they would be coming to a head before too long. The money was getting tighter and tighter, the demands were getting heavier, and these people, lots of times, will borrow their way out of trouble if they can. And I think that has happened since, and I'm very much of the opinion that it's happening right now, in both county and state government, 'cause this is the easiest way to do it. You don't have to pay the piper, face an irate constituency, and raise revenue—you keep borrowing for not only capital expenditures, which in many instances, is justified, but for operating expenses. And that was something that we managed pretty well to hold down.

I did get ahold of them once or twice to where I could talk to them, and explain the problem to them, but that's a problem I've always had in Clark County, and has never left me, even in my present position. It's very difficult to get the people you work for together to even explain problems to 'em, because they are so busy with the existing ones. And it's probably even more noticeable in my present capacity. I told my wife very early in the game, even when I was in Carson,

but knew I was coming down here, and later, "When you call somebody on the telephone, even your close friends, at their business, they're grabbing the phone, and everybody seems out of breath. And I can hear 'em sighing, and you can almost visualize their saying, 'I wish this guy'd get through and get off. I've got two more telephone calls waitin' for me.'" They're just tense, they're tight, they're busy, and it's a breathless community. There's no such things as little problems. They're all big ones. And the reason they're big is because nobody pays any attention to 'em when they're little. Nobody pays any attention to a little fire that you can put out with a fire extinguisher. They haven't got time to reach for it. When it becomes a four-alarm blaze, then the whole community comes tearin' out, and they just really go after it. It's that kind of a community. It's got a lot of gusto, it's got a lot of zip to it, it takes an interest in its problems, and it's intense.

I couldn't get my county commission—very seldom could get 'em together to really explain problems to 'em, as a board. Now, some of the individuals would. One or two in particular would come in constantly and talk over things, things they wanted to know, and things of that kind, but not as a board. That doesn't mean that some of these individual commissioners weren't conscientious, and they're becoming, of course, more versed all the time in problems, but we just couldn't get 'em together. constantly, we would have meetings, and I'd be lucky to have one of 'em show up. I could understand. They all had something else to do, because a county the size of Clark County, it really isn't fair to expect a commissioner to devote the time that's expected of him, or that has to be devoted to it. I just never realized how complicated and how big a business a county like the county of Clark is. Of course, Clark's problems are

magnified because of its tremendous growth, and the fact that nobody has really ever caught their breath in the growing process. You always have the feeling that they were salvaging something at the last minute, and, basically, I suppose, they did a remarkably good job, considering everything that they had to cope with. But it was very frustrating, and, I'm sure, still is, for an administrator who has to cope with these problems.

I thought the county was coming to a crucial point about the time that I left them. I thought within a year or two, a crisis would hit. And growth held that back a little, and they managed to get along for longer than that, but it was about a year or two ago, the thing really hit 'em. They had to levy some new revenue acts. They levied two major revenue acts, and that still wouldn't cover them. And I do have the feeling that—even now—that they're borrowing their way out of some of their problems, and that sometime, they're going to come home to roost on them. They've made very free use of the emergency loan procedure to borrow money for the hospital, or to borrow it for the airport, and things that are necessary, but nevertheless, the payment day eventually comes around. The city is doing more of this than they used to. And actually, when I first came, it was North Las Vegas that was considered to be the unstable one, and the reckless one in financial policy, and I don't believe that's any longer true. Today, I think North Las Vegas has probably stabilized quite a bit in this respect, although I'm sure they've got some problems that are facing them that may come to a head.

The key to North Las Vegas's success, and Lynch's success, primarily, was his utilities. They ran their own water and sewer system, and there was no question, never has been any question in my mind, that by various means (and they're probably legal, but questionable)

they have used revenue from these utilities and diverted them for general city use, and for their general fund. And that's contrary to the principle of a municipal utility. It's supposed to be run for the rate payers, and they're supposed to pay on their rates for the expenses of running that utility, and nothing else. They're not supposed to pay for general city expenses. And there was no question that there was a lot of this being done. It was being consistently done for a period. I haven't followed it recently, to know whether it's still one of their major sources, or not. But I do believe they're not borrowing to the extent that some of the other municipalities are. The last one that they did was the industrial park that they developed out on the outskirts of the city, near the Salt Lake highway. And that's still got 'em in trouble. I think, after that one, they slowed down a little bit on committing city money for a project of that type. It definitely got 'em into the hole, and I think it's still in the courts. But they spent a lot of money developing that, and the streets, and sewers, and curbs, and put in a special assessment district. And that was done when I was still with the county, and it's still sitting here. It's never been utilized. And who's paying the bond on it, I don't know. The city is responsible for it. But I do feel this policy may catch up with 'em sometime.

The county hospital is a tremendous problem here in Clark County, and it's a different problem than they have in Washoe. It's unique, although that has been changed some by Medicare and Social Security. But it's always a tremendous problem. There are a number of hospitals, private hospitals, in the area. And particularly, when I was there, the cause of their problems was that this is a general hospital, not really a county hospital. The county pays for indigents. And we have a lot of general hospitals in the area, and always

did have, far more than Reno had. And these hospitals would take the patients as long as they could pay for the services, and as quick as they couldn't, they kicked 'em out, and they went down to the county. So the county got all of the bad paying patients, and not enough of those that did pay their bills. So consequently, we're developing a huge accounts receivable, and running short of operating funds. And the struggle is still going on, although they have diverted a lot of money—I wouldn't say *diversion* in the term that it's illegal, or improper, but they have diverted a lot of money to the county hospital. They've borrowed money for it, the commissioners have, to keep it operating. But their bad debt picture was always horrible, simply because they did all of the nonpay work in the area, and didn't get enough of the other field.

Now, in the period that I was with [Clark] County, that wasn't true in Washoe County. Washoe has primarily Washoe General and St. Mary's, and St. Mary's always did their share of taking care of people of this nature. And it just wasn't the same problem. Also, I think, probably, here, they were used more by the political bodies. The accident problems, the police casualties, and everything else, would be sent to the county hospital, and they didn't expect to pay the bill for 'em. And yet, when a commissioner, or even a prominent citizen sent somebody to the Clark General Hospital, they didn't feel as though they should be questioned about their ability to pay in the same way that they would be questioned when they were going to a private institution. It was a bit of an insult, and, of course, if you didn't question them, you ended up with bad debts.

A constant, running fight that I had with the hospital administrator at the time—and we had a basic difference in philosophy—and that was that I felt that the hospital administrator felt that anybody that couldn't pay their bills

was an indigent (and while he wouldn't argue that in theory, in practice, he pretty much followed it out a good deal more), and would turn to the county to pay for 'em as indigents, when they were really just bad debts. And I think that's still largely the problem. I know their outstanding debts run into the millions. It's at least a couple of million dollars. It's a lot of money, and it always will be. The question of who's an indigent, and who isn't is not easily solved. But there's no question that the county hospital, the general hospital, definitely gets the worst of it. Because it is a county institution, they're expected to go easier on people with their bills, they're not expected to ask a number of questions; consequently, they get themselves into trouble. They always have been, and I believe they always will be. They tried to get it out of the county and into a private corporation, but that failed, after a big battle. I don't know whether that was the answer or not. But certainly, they're going to have to find some more answers than they have now.

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Speaking of planning and master plans for the area, I think I have touched upon that a little already. Looking back, it's such a shame that it couldn't've been a better planned community than it was. I don't believe that it would've stymied growth, as a lot of people felt it would at the time they were under all the pressure for this development. I said, when I was with the county, that this is probably one of the most studied and planned areas in the world. It's got to be. The time that I was with the county, I had a special bookcase for all of the studies that were going. It's an interesting, live community, with a lot of freedom of thought and development. It isn't a polarized community, as Washoe County and the

northern part of the state is, partially, because of the age, the development. Washoe's an old community, and has developed on that basis. But everybody goes into different phases of it, and, of course, a lot of it, unfortunately, had to do with personal interests, or personal developments. Because it was growing so fast, and there were so many problems, one of the first things that apparently ever occurred to anybody was to immediately come up with a study on an existing situation. And that's typical of the area. I still—even in the job that I have today—still attend meeting after meeting, and when I go home, my wife asks me, "Well, how did you get along at the meeting?" or, "What did you do?"

I [say], "Well, we do a whale of a job in defining the problem. And then it stops." We define the problem, and spend a lot of time with it, but when it comes to coming up with some answers, then things slow up tremendously.

I had this special bookcase, as I started to say, when I was with the county, and I'd have all these studies that were done while I was there, and many of 'em had been done before. I had made the statement [that] maybe somebody with more antition than I had, or would spend more time, might possibly have been able to read 'em. But I made the statement that a person couldn't even read 'em. And yet, every one of 'em, I felt, should've been read. They were pertinent. Studies on the water table, the water area, the increasing fight over water— and, of course, that developed and involved North Las Vegas. The use of land, and the federal land problems—the Bureau of Land Management was doing studies, the Desert Research Institute was doing studies. They had retained Professor George Maxey to do studies on the water table, and the water area, and what was happening to us, and where we were going in

the future. The Colorado River Commission, and the sanitation districts— I had studies going on the sanitation districts, and the hospital problem, and the urban problems, of consolidation, the road problems. And we had a Wilbur Smith road report that was a dandy. I will say, probably, that one was followed closer, in my opinion, than any study in Clark County. I, of course, am not up to date on it today; I don't know whether they have deviated on it or not, but that was an excellent study on the road system, the expected growth of Clark County, how to handle the traffic as it was expected to develop in the future, the freeways, and the tie-ins to the freeways, and things of this nature. And in my opinion, that was a masterpiece. It was an engineering study done by this Wilbur Smith Company from Los Angeles.

I guess, because it is a little easier defined, there isn't the intangibles there are in water tables, or water supply, or air pollution, or something of that nature, and it's something that an engineer can grab ahold of, can sink his teeth into, and because it was logical enough, and it got more cooperation from the various entities than any of 'em. And I do believe they followed that one because it was so well laid out, and such an explicit pattern, a pattern you could draw out on a piece of paper. That one, I think, they really did an excellent job. I believe, basically, that Clark County traffic system and road system is well handled, considering the growth and the problems that they have, and probably much better than most of the problems of the area.

The social problems, the problems of living together, the environmental problems, the planning and zoning problems, I don't think were handled near as satisfactorily, although, unfortunately, they maybe could've been.

That plan was used as the bible for all—both engineering departments, county and city, and a lot of the future planning was done on that. When we obtained the county gas tax money to further develop the county road system, and the typing into the primary road systems, on the federal and state systems, we had a pattern to follow in the use of this money and the building of these roads. And we formed the intergovernmental council that sat and put the priorities on the plans to the use of this gas tax money into building roads, as they were designated either in the Wilbur Smith report or updates of it. There was some up-dating done to it, naturally. But we had a commission that still sits, today, representatives from North Las Vegas, Las Vegas, Henderson, Boulder City and the county, and then they determine priority of use of gas tax funds. And because you had a plan to follow, because you had something that was defined for you, that you could sink your teeth into, it did operate, and I think still is operating, quite well.

Now, of course, there were some disagreements between the entities as to whose priorities should come first. We had one real mighty clash with Clay and his crew in North Las Vegas. Strangely enough, as I remember that one, we sided with Clay on it, simply because he'd handled it better from the start and gotten the other entities into the hole, and then when they saw they were in the hole, they tried to pull out and kind of renege on some promises they'd made. As I remember, both George Monahan and I were sitting as representatives from the county, sided with Clay on that one, simply because he was right, theoretically, at least.

But anyway, it did work out quite well, and I think reflects in the way the traffic pattern is handled today. It's just a shame that most

of the others [plans] weren't followed in the same way.

The Eisener-Stewart master plan was put into effect, oh, I think, after I'd been with the county about a year. They were just winding up the study, and it was an excellent job, an excellent plan. But the problem with that was that nobody paid much attention to it after it was adopted, primarily, again, because now, you're dealing with personalities, with a power structure, with people who are investing money, developers, and the pressure just becomes tremendous on it. And I recall this plan was distributed to the board of county commissioners, and it was done on an overall planning basis. They had green belt areas that they felt should be preserved for the aesthetics and the good of the county. They had brought in the various zones, the industrial zones, and confined development to growth areas properly. But I never really saw any evidence of the county commissioners sitting back and taking a specific case in front of them, and asking the question, "Well, now, how does this fit into our master plan? Is this in accordance with it?" They'd just look at the problem before 'em, unfortunately, quite often as to who was presenting it, or who was represented in the presentation, whether it meant development, [and] spending money. Maybe it was used more than I thought it was, but I could never see any evidence of it bein' used that much. It just seemed to be kinda shelved as a nice little library piece, an excellent thing for looks, had some beautiful maps on it. And, of course, this was a county plan. It didn't affect the municipalities, except that it did tie into the general plan of the municipality.

I remember this thing being adopted one meeting, and everybody admiring how pretty it was, and how sensible it was, and how everything was put together. Simon Eisener did an excellent job on it. And he

also had the ability to express himself, and to explain what he'd done on this plan. The following meeting, a variance came up before the board, and I could tell, just by the way the thing was headed, that there didn't seem to be any objection to it. And one of the members, a very prominent member of the League of Women Voters, got up and pointed out that this was directly contrary to the master plan that had just been adopted two weeks before. And that's what really drove the point home, that I was just previously making. I don't think a member of the commission even had bothered to look at that, [nor had] it dawned on them that this was a fact. And she got the map and showed them, and they *did* they deny it. And I'm sure they didn't have any idea at all of denying it. I think, basically, the reason that they denied it was it was so ridiculous that they hadn't looked at it, or paid any attention to it, and they felt, I assume, a little bit ashamed of that fact, and did. But here it was, they were going to approve a warehouse right in the middle of a green belt area near the freeway, that had been designed for them. But I never saw too much tendency afterwards, as a matter of this type of planning and zoning, of it being followed. People just came up for variances and expected to get them. Sometimes they didn't, obviously, because the neighbors were too much aroused, or something of that nature. You shouldn't run your planning in accordance with protests, because sometimes that's emotional, and isn't logical. On the other hand, protests do give a feeling of the neighbors, and the neighborhood, and they certainly have a right to be heard, and should be considered.

But unfortunately, when they were denied, quite often [it was] a matter of enough people coming in to protest. The commission chambers, I imagine, held about a hundred

people. And if you could cram a hundred people in there that were against something, it made quite an effect. I actually, on at least one occasion, saw a county commissioner ask for a vote of hands. He said, "Let's take a look—get a vote of hands as to the people that are appearing," which is a little ridiculous, when you figure that it affects a county of maybe 250,000 people, and you're going to take a vote of a hundred people and determine which way you're going to go (but that always has had some effect).

I don't know how much updating's been done on that Eisener-Stewart original master plan. I can only say that it's a shame that it wasn't followed more religiously than it was. In many, many of the [studies], you had a beautiful definition of the problem, and you had some suggested solutions, but that's about where it ended. They sat on a book shelf and gathered dust. And maybe two or three years later, the problem comes up again, so they go out and get a new study.

We had problems, for instance, in the area of the dump and holding of waste, and it's still a tremendous problem in Clark County. This was one that illustrates what I ran into when I first became county administrator. Finally, an old antagonist of mine, and a very dear friend, Tom Foley, came to me, pointed out the fact that some two years prior to the time I came here—at least a year—from a year to two years—the county had awarded a franchise for the handling [of] the dump, and to haul the garbage. It had been awarded to—I can't even remember how the award went. I guess it was contested, taken to court, and thrown out of court. The court nullified the action of the county commissioners, and in essence, the county continued to operate in the same way they did, but they had no franchise that had been granted according to law. I think it was a technical move that it was invalidated

on. They hadn't given proper notice. Nobody'd thought of it again, and nobody'd bothered to question it, so, I don't know, it'd been sittin' there a year or two, and nobody'd ever done anything about it. So finally, Tom came to me and said—very frankly, he said, "I represent the people that are handling this, but," he said, "there's something ought to be done about it. It's just sittin' there, and someday, somebody's going to question it."

And this was typical. It got into a big hassle. And they had a bid. Finally, they forced it into another bid, and then it turned out that one operator (which was probably the most efficient way of handling the situation) was handling North Las Vegas, the city of Las Vegas, and the county at the one dump, which was owned by the county, by different operating entities, but really, all run by one operator. They ran a good facility, and still do. But this was challenged when it came up for franchise.

Well, it turned out that the dump belonged to the county, as a matter of title; and the county had franchised the dump operation to the same firm that was picking up the garbage in the county, and the same firm, under a different firm name, was picking up the garbage in North Las Vegas and the city of Las Vegas. Well, as long as the one firm ran the dump, and ran all of the collection facilities, there was no problem. Then you got a bid in which, probably, the best bid for the collection was with another bidder, who then had no place to dump, except at the dump that was franchised to the other operator, and who also had quite a bit to do with the collection in North Las Vegas and Las Vegas. Consequently, if another operator got ahold of the dump, he could squeeze out the existing outfits in North Las Vegas and Las Vegas, raise the rates there, because if they started charging them fees for use of the

dump, why—. It was quite complicated. And it finally went to suit. I was called a couple of years after I came to work for the Resort Association to go back and testify on it. I don't know whatever happened to it. It wound its way through the courts for a number of years. But it was a peculiar problem, and I did make the statements that, undoubtedly, the rival firm's bid, as far as the collection bid went, was a better bid than the existing operator's.

Actually, as a matter of personal opinion, I just think we have an excellent service. I am sure that anything like that can be attacked as a monopoly. But the collection is excellent and I think much better than most cities I've ever had any experience with. But they've had their problems with rates, which, of course, are controlled by the franchising group, the county or the city.

However, Otto Ravenholt called to my attention the fact that the dump is located in a wash area in the mountains near Sunrise Mountain, and, supposedly, it's what they call a cut and fill operation. In other words, they cover it, which is proper. But in many instances, instead of dredging the hole, or cavity, to dump it in, and then cover it over afterwards, they were using the wash to dump it in, and then covering it over with dirt. And Otto pointed out that if you'd ever have one of these real good [flash floods] come down that operation, that you might have some pretty messy stuff clear down to the Boulder Highway. I called that to the commissioners' attention and tried to get some consideration of it, but that ended up, largely, where a lot of the rest of 'em did. They looked at it as a problem, and set it aside for further consideration, and as far as I know, it's still there.

The water problem in the area—the drainage problem—it's a typical desert town. The water never comes down the way it should,

in a gentle rain so as to promote vegetation and growth, and make a lush landscape. You don't get any for five or six months, and then it all comes down at once in a certain area and washes [laughing] everything away, and floods out the area a little. Before my time, there was a big flood issue that was turned down, and there's always been a feeling that possibly, it shouldn't. But as I say, again, it was various interests choosing up sides, and finally getting the thing defeated.

Apropos this problem of the dump, I had discovered that, basically, there's three washes that come down through the area, and you can see the traces of them. When water does come down, it sometimes comes down fifteen, twenty feet high, just really comes down and cuts right through the parking lot at Caesar's Palace. There's signs there now (after they finally experienced one) that they're not supposed to park in that area. There's a danger of flooding in case the water ever rushes down. It crosses the Strip, there, goes under a motel that has a bridge built across the wash, and motel rooms on top of it. There's a bridge [with] at least ten, fifteen feet clearance. But I've been told that, sometimes, water'll get [laughing] twenty feet high in that thing, and when it does, of course, it carries everything away. It goes through the Stardust golf course, which has used it as a hazard area, they use the ravines that it's created, and it crosses Eastern Avenue, goes on down, and comes under the Boulder Highway, actually washed the highway out once since I've been here, simply because the drainage comes in there, and it all drains in the area, very near where the present Las Vegas stadium is, right in that area. I don't know if the stadium, itself, is jeopardized by it, but anyway, it's in that general area. What they call the Vegas wash comes through Vegas farther up, I think, comes probably down Washington, and

comes in and comes out again in, generally, the same area. Winterwood is in that area, also, Winterwood golf course. The North Las Vegas wash comes down through North Las Vegas, and Cuts across, and come sin on the other side, goes right through The Winterwood golf course.

Not being an engineer myself, I am, of course, not acquainted With engineering problems, but I saw a debate one time, and in formal debate, which we got into with North Las Vegas city engineers, the Las Vegas city, and the county, and all of a sudden, It struck me that all three of these washes all dumped into the same area. And they were arguing over who should do something about this in *this* area. There's nothin' unusual to have that area flooded by one ore the other of the washes. But it seemed obvious to me, and I asked the question, "What would happen if the flood came down all three areas at the same time?"

[Laughing] And they just shrugged that off, said, "Oh, that never happens. It only comes down one wash at a time."

[Laughing] And I said, "Yeah, but supposin' that it does? And apropos the county dump problem, if one ever came down that ravine where they're dumping, according to Otto Ravenholt, I think *that'd* end up in about the same area.

This isn't peculiar entirely to Las Vegas, but it's also true in the north; everybody loves to build in the ravines and the little gentle swails. And then when a flood comes down there, they wish they weren't there. And one of the arguments here is, "You're talkin' about a once-in-twenty-five-year flood. It happens once in twenty-five years, and, gosh, who can look that far ahead?" And so, people build in washes, they build over them.

I don't know how serious the dump problem is, although Otto's explanation of it

seemed to me to be fairly logical. The general concept of the cut and fill is they should cut out an area, and then fill it in, [but] it's much easier and nicer to use a lovely ravine or a wash that's put there by nature [laughing], and maybe, by the time the water comes down there, why, it'll all be part of the elements, anyway.

And, of course, the water problem—now, I'm speaking of the underground water problem—has always been one of the key issues in this area. And, of course, North Las Vegas utilized that tremendously. Clay went out and put in wells everywhere. And, of course, he was driving wells in competition with the Vegas Valley Water District, which has most of the rest of the area—that is, the biggest part of the urban area. And he won the battle, as he generally did, with the state engineer's department, on drilling. They sank a tremendous number of wells, and he developed the North Las Vegas water system to handle the growth that they'd planned, and, as usual, did an excellent job of it, as far as planning and following it, and setting it up.

I had a couple of experiences with that one. I hadn't been with the county very long when I got some complaints from what was then called Vegas Heights. It's now part of the city, but it was in the county at the time. Clay had drilled a well, and was pumping it for testing purposes (something that I don't fully understand, except that I know that it's done), and for so many days, they'd just pump it, getting the sand out of it, and getting the water. Well, the water has to go somewhere. So Clay ran it through Vegas Heights, right down through one of the streets in Vegas Heights and actually, it slopped over, I guess, into one or two others and then curved around and finally ended up on Owens Avenue, which is the boundary line of North Las Vegas, and went down to some of his drainage system

down below. It was a flagrant disregard of human rights. These are black people, and poor ones at that, [who] at that time, at least, lived in Vegas Heights. And really, they couldn't get too belligerent about it. That was an earlier era. Maybe now, they'd have people to take their sides for them. But it was terrible; it went down the streets, they couldn't park, they had to put planks across to get across the ditches that it created. And it was just a flagrant disregard of human rights.

John Porter was deputy district attorney, and the one assigned to the county commission. And we were both gnashing our teeth, and I was screaming and pounding on the desk, and yelling for John to do something. And John was running to the judges, and tryin' to find—. Clay was up in Reno. Nobody seemed to know how to get ahold of him. I'm sure they could've got hold of him if they wanted to, but he wasn't on tap. Nobody else—the city attorney said he was acting city manager, but he didn't have the authority to do anything 'til he got ahold of Clay. John tried to get into the courts and get a restraining order on 'em. [Laughing] In the meantime, the water kept goin'. And, as usual, by the time we got into the courts, and after the restraining order, why, by that time, the thing had served its purpose, and they'd gotten their test well, so they quit.

This was a well that was drilled, oh, close to the Torrey Pines well in the Vegas water district. And they'd have these wells, and in North Las Vegas'd go in and set another one right into the same area, get a permit to drill it, and tape the same field. Las Vegas and North Las Vegas had a big fight over annexation of what they call the Tule Springs area, and there's a big, beautiful well there. And they both wanted it. Las Vegas got that one. And it looked like Clay (North Las Vegas) was frozen out. And he, the city, bought a piece of property fairly close to it, and merely sank

another well, and got into the same water strata, and got all the water they needed from their well without getting the one at Tule Springs, which, course, I'm sure, eventually affects the efficiency of the Tule Springs well. And this was a continual problem.

Then these smaller areas would be developed by developers, generally more remote—I say poorer areas; I mean, not expensive development—and it'd be too far away from a water main, so they'd put in their own water system. They'd form a little community water system. And quite often, as it would happen, the developer was quite interested in selling lots, and getting the development going, and they'd furnish this community water system. But once the development was there, and the building was accomplished, why, the developer lost interest in it, would want to leave the water [system] to shift for themselves. They had a very bad one in Mickel Manor trailer parks, which is right on the fringe of North Las Vegas's water system. They just got to the point where they weren't getting enough water. They had two wells. One of 'em started pumping sand, and they just couldn't get enough water out of it. Then they would come back to the county commissioners for help, and really, basically, it wasn't a county commissioner's problem. The county commissioners, in the matter of planning their zoning, they had granted a subdivision, or whatever it was, but it was on the ground that they had their own water system developed. And it really isn't a responsibility of the county to walk in and get them out of the hole, even though everybody was sympathetic with their problems.

Clay said that—I say Clay when using the expressions of North Las Vegas, because he was directing most of it. They had their whole water main going right on the edge of this little subdivision. (It's permanent trailer

houses in there. It was the first in the area, I think.) Clay says, "We've got lots of water." But he wanted to annex them, which, of course, brings us into annexation problems. But he just merely told them that they'd be annexed to the city of [North] Las Vegas so they'd just tap onto the city of [North] Las Vegas' main that came by there from one of their wells up above, and storage tanks up above, and there was no problem.

Well, the feelings in the area are just so high, and particularly against North Las Vegas and their annexation policies. That's another story, but this is all a part of the general dispute. They were ruthless. There's no question about that. And the residents were just so bitter over that that they just—and I really believe that, basically, they meant that—they just said if North Las Vegas came around there, they'd sit on their front porches and shoot at 'em. They'd get their shotguns and rifles, deer rifles, out. They were *very* heated over it. They wanted their own problem corrected, and evidently, it wasn't very easily correctable. I mean, doing something with those wells. And then the question came up, "Who's going to pay for it?" Well, the county could. It isn't easy for a county commissioner to sit there and listen to irate residents. You try to tell them, "Really, this isn't our problem," and they'd say, "Who else can we go to? You are the only people we can go to. You've got to do something for us. We've got to have water.

One time it got so hard, and so vicious, that George Monohan, the county engineer, and a wonderful person—he finally got a—. Oh, they had a fire hydrant on the edge, that North Las Vegas did provide the water for, under an agreement. But anyway, George—he had to get some sort of a tap. And he got it, and they [laughing] started stealing water from North Las Vegas, to divert it for emergency use to these people, because they just had to

have it for health problems. And we knew that it was useless to—we'd get stalled, we'd get the same old runaround if we started trying to deal with the city, and these people were going to die of thirst before they'd agree to be annexed. So, for a while, we stole the water, merely tapped in. We did have an agreement with them to get the water into the hydrant. And, oh, it got into a comic opera. The city of North Las Vegas found it out, and came in, and confiscated the tap we had, and sued the county, and the county sued back for the things that they'd tap, and the equipment that North Las Vegas had confiscated, and so on. But finally, they worked on a water district of their own, and I worked up some of the plans for that, except that there was a basic disagreement on the way that that should be handled. And this is a problem that is pretty general in Clark County, again, because of the way it's developed into these little spots in outlying areas. The minute these little spots develop, then the citizens want roads out there, they want things that they think they're entitled to at county expense, that really should be put in at their own expense. Streets, curbs, gutters, lighting, roads, or anything like that, are—as a matter of general theory—are put out by special assessment districts, and paid by the people that benefit from them. But in Clark County that's not entirely true. Jim Ryan has his "little people," he takes pretty good care of them, and a lot of these things were put in at county expense.

Now there's an argument, as to whether it should be done or whether it shouldn't. I always held that it shouldn't. And we could form [a special assessment district] and get the financing, an emergency loan, for this Mickel Manor district, because, obviously, they could form this little district of their own (the one they had wasn't functioning). But now, the question arises as to whose credit

is pledged on this loan. Is it (the) credit [of] just the people of the area who are going to get the benefit of this water? Or is it county credit? Ryan never believed in holding up progress by a technicality such as that. He got me over at the First National Bank on time, when they were about ready to—the bank was willing to loan the county only a small amount of money, relatively—but they thought the general county credit was behind it, and I was darn sure that there was no place for general county credit. And when we got over there, Jim was kinda maneuvering the interview. He was very skillful at maneuvering it, for only the facts came out that he wanted brought out. And the facts he didn't want brought out were pretty much shushed. But somewhere along the line, I finally got the idea over to the banker that, legally, it just couldn't be. They just couldn't pledge county credit for a little district improvement.

Fortunately, when I left the county, nothing had been consummated. I just didn't think it was right, to pledge county credit on it. And it did go through. The water district is still in existence, and how, I don't know. I don't know, yet, whether they ever pledged county credit behind it, or whether they [pledged] this to their own community. It could be financed individually. And this problem constantly comes up everywhere in the county.

Overton and Mesquite want a sewer system. They need dump facilities and dump areas. They want their streets paved. The way Clark County's grown up, they expect all of this done by the county, the paternal papa that's looking out after 'em. And, of course, the most paternal, the best-known papa was Jim Ryan, who was county commissioner and defender of these people. They're his little people, and I think he believes in 'em. I think this is a creed with him. Jim has kind of a

Robin Hood complex. (I'm not speaking of this, now, in a legal manner, or anything being legal or illegal.) He just has the philosophy of, "What you get from the big guy and give to the little guy, why, that's fine," and results count more than anything else, rather than the way it's done. He accomplished a lot for those people. The streets of Overton were paved by the county street department. We were working on sewer districts for Overton and Mesquite, but basically, they should pay for their own. It isn't the county's responsibility to furnish sewage disposal for 'em. Every city pays for their own. The users pay for it in rates.

I don't know if that's still goin' on, and I don't know what the solution is. I only know how I always felt about it. The county, of course, because it has facilities that they haven't, I agree, should help in planning it, and they're the only ones they can turn to for the general plans and policy. But when it comes to payin' for it, it should be done by the areas affected.

We went out to Indian Springs at one time. They were in a big hassle about something they wanted and they wanted the county to pay for. So Jim took me out with him. Whenever he got into a hole that he thought I could help him get out of, why, he'd take me along. One time, they wanted a garbage dump area. And again, we went out with the county engineering crew, and tried to work out something for 'em, but told 'em they were going to have to finance it and pay for it, themselves, that it wasn't a general county problem. And we were having the meeting in this little schoolhouse, and I was explaining some of the problems to them, and somebody in the back of the room said, "Mr. Cahill, you have to speak louder. We can't hear you."

And Jim got up and says, "If you want him to speak louder, all you've got to do is suggest spending some money, and he'll

scream so loud they can hear him in Las Vegas!" [Laughing] which pretty much illustrated the respect for each other. I always got along with him, and had a respect for his ability, and the way he could handle things. But it so illustrated the difference. Jim was only concerned in getting the things for his constituents, for his "little people." He didn't care who paid for them, or how. That was somebody else's problem. His idea was to get it done. And that doesn't fit with anything I've ever been taught, or the way that I've grown up. But in a way, it explains the fantastic development and growth of Clark County, because, as I've said on a number of occasions, it grew from a whistle stop, virtually, on the Union Pacific Railroad to one of the most famous resort complexes in the world. And these people, by their energy, and by their drive, just virtually pulled themselves up by their bootstraps. And they did it entirely in reverse of the usual concept, and very foreign to us in the north, where I was raised. When they saw something was necessary to be done, the first thing they said is, "Let's do it," and they did. And then they worried afterwards, of how to pay for it. We always thought they were sure going to come to a bad end sometime on it, when I was observing it from the north. But this is what they did. And they did; they always found ways to pay for it. And a great many of the things that they did, that contributed so much to the development of the area, was really something that sound planners wouldn't do. But the people had faith in it, they had faith in the area. And, of course, growth, or an upswinging business cycle, one that's just rapidly on the ascent, buries everybody's mistakes.

Now, going back to the planning, and the master plans—and I don't know what diverted me to this tack—Simon Eisener was one of the first ones, and had pointed out to those

of us in the governing bodies of the area how fortunate we really were in growth, if we only could plan that growth; and I never saw it put up exactly that way before, yet, it was so true, and so simple when it was pointed out. He said areas in southern California that have to provide for growth have to do it the hard way. They're in an area that's already developed, and all of that land is in private ownership. So if they need a new school area, or they need another dump area, or they need any of the many things that you need for municipal development, they have to go out and buy it at a developer's price, because the value is already there, it's already privately owned, and they have to pay a fantastic price for it. He said, "You're surrounded with government land that you can buy for a song, for practically nothing, if it's for governmental purposes. And you ought to start planning now to utilize it, to inventory your lands that you have, and your land requirements, and make application to the federal government, where you can get [land] practically for nothing, now."

So that started this interdevelopment program that we had between the areas, and a number of meetings on that. And Eisener attended some of the meetings and helped us with the thing. So everybody goes out now and plans what they're going to need. The school district probably does better planning than the others in the area. I know they'd shoot me if they caught me saying so, but they have available money to do it with, and they hire good people. They hired Stanford Research to do studies for 'em, and they're planning people, themselves. But we worked with the Bureau of Land Management on this. This was still in process at the time I left.

But the biggest drawback to the thing was the usual human element of greed. Everybody immediately went out and started staking claims for everything they thought they might

want, and, of course, asked for about ten times more than they really needed, because it was there. And, of course, they argue, "It was going to grow into this." And I'm sure a lot of it came to a lot of good. I'm sure the school district got—because it was an excellent thesis, it was an excellent plan. "And let's plan parks," and as I recall, in that area, they didn't follow that out too well. When they came to planning or getting their parks, they went out and bought 'em. But it was—it was an excellent idea. But I can remember the first [laughing] few meetings we had. Everybody came with lists a yard long of all the areas they wanted, and what they wanted staked out for themselves. They were staking claims.

Cities, of course, were planning growth. And this got into the horrible annexation problems that we had. I think one of the few things I did make some progress in, and some accomplishment, although things never work out the way you hope that they will. But North Las Vegas had started it, as I have mentioned, [with] some very ruthless tactics. It was the most ridiculous pattern going on, of annexation and programs. They were going out and annexing land on all sides of them, just as fast as they could get them instituted. And they had a system. Clay was an expert. He had his people trained, and they could grind these things out just on a mass production basis, following the annexation and programs. They were going out and annexing land on all sides of them, just as fast as they could get them instituted. And they had a system. Clay was an expert. He had his people trained, and they could grind these things out just on a mass production basis, following the annexation laws, and sending the notices, and so forth, except there got to be quite an issue as to how these notices were served, whether the people were properly notified. And quite often, they just woke up, and as one real estate

lady that went to suit on the thing, said, "It got so—you'd go out of town for three or four days, and come back, and you found you'd been annexed in the city of Las Vegas." And this was just vacant desert land, there was no, you might call it, planning for the future, but they were getting square mile on it, just nothing but practically desert, a little place here or there.

And the notices were getting awfully confused. They went out into the Sunrise Manor area, and that was a little more populated. It had places like this Mickel Manor trailer park. It had other little clusters of development, and people who had built out there into the area. And Clay would file about three annexations at the same time, but schedule hearings at different times, and then file maps along with them. Then he'd go in and correct them, a typical shifting back and forth and maneuvering around, 'til nobody knew where they were. And nobody knew which area they were in to protest. At that time, you had a little different law, and you had to go before the city council and protest it.

So then he'd have [laughing] annexation meetings scheduled at city hall, and people showed up in masses there, and were clear out into the park, and into the streets near the old city hall. And then they'd be told that they'd come to the wrong meeting, that their property wasn't in this particular hearing. This is when the feeling got so high, and so tense. And, as I say, part of it was in the supreme court. The case was pending in the supreme court, as to whether this had been properly annexed, whether proper notice had been given, and I'm quite sure that it was quite confused (and I have to believe deliberately so) so as to make it very difficult to protest. Clay was a master at this. And he had some people with him that were equally adept.

Then the thing started to kinda get contagious, like something in the air. And pretty soon the city of Las Vegas began to realize that North Las Vegas was reaching out, first, in a movement directly adjacent to their borders, and out from those borders, but then there began to be an encircling movement, in which they were starting to encircle from both ends, both from the Sunrise Manor side, and from the other side, to surround the city of Las Vegas. The laws at that time being what they were, they became tremendously adept at this thing, and there was no restrictions on whether there was a need for annexation. Las Vegas started to recognize this fact, and then they began to get competition for it. They would start creeping out on a direct line, away from their point, to head off the encircling movement that was being made by the other, and you got into points where one held a meeting at six o'clock in the morning to get an ordinance passed to get a jump on the other. And pretty soon, you found the boundaries of North Las Vegas creeping out clear out to Tule Springs, which maybe was six miles away, of desert. Las Vegas, as a protective move (I suppose you might argue as to who started what; each might argue they were protecting themselves against the other) extended its city limits clear out, taking in Tule Springs, and out past there. And as I used as an example, you could travel in a jeep, or a land track, or something, across there for miles, and never run into anything but a jackrabbit. But they're in the city limits, now, these areas.

Las Vegas then went out westward, clear to Sunrise Mountain, into an area that's still a number of square miles. [Laughing] It's still very, very sparse. You have a little settler here or there, but mostly—I suppose even the jack-rabbits are getting a little thin in that area. And then the city of Henderson [laughing] decides they're going to come out.

They already had borders that went for miles into sagebrush land. And so then, the city of Henderson comes from the south and starts to encircle the Strip from the south, even to crossing the Strip. And that got ridiculous in that they could only annex the land in private ownership, and an awful lot of that was BLM land. Henderson wanted maybe their ordinance read that way—they could only annex private land. So it really developed into one of the most ridiculous situations I've ever seen, each one arguing they were doing it defensively. And actually, the law didn't have any definition. Now, Reno and Sparks never had this problem at all, because you didn't have the area outside. Reno and Sparks were on their own sewer systems, and their own—the water system is—there's only the one water system, which ties into the whole area. I lived outside the city of Reno at one time, just barely outside. But they just had the agreement, that when that area filled in, and the houses filled in that area, automatically, they were just annexed into the city. There was a process, but nobody ever thought of disputing it. But this got into a vicious fight, and a ridiculous situation.

And this was about the same time that I got into the last hassle with North Las Vegas. Clay had come up with a theory that bond money was priority money—and it is. I mean, it has priority over general tax money. So he had bonds on his water system and his sewer system, revenue bonds. But they were also a combination revenue and general obligation bonds. They were paid for out of revenue. So he decided that he was going to pay for the bonds out of city revenue, and then that would place him short on tax money, and confiscate the tax money of the county. So I had that problem with him, also, that he had figured that he had us in a corner, and we weren't going to get out of it, that he was

going to redeem all of the outstanding bonds, and instead of out of revenue, out of general property tax, which would utilize the rate, and impound the rate, so to speak. And I think that was the same session that we came up with the sanitation district fights. So there was a lot going on in the legislature.

I had maps drawn of this situation. I pointed out the ridiculousness of this situation, that we had to do something with our annexation laws so as to relate annexation to need for municipal services. And if you need those services, and you have a sufficient density, why, the, of course, they're a candidate for annexation. But you're not going to six miles out in the desert just 'cause you like the idea of gettin' the property and nobody has any need for it. So finally, we worked with the legislative delegation. We had 'em on our side on that one. In fact, we won most of the battles that year. And I think this had a lot to do with it, this ridiculous situation that the cities had brought on themselves, which, in private, most of 'em would admit was ridiculous. But anyway, they just thought that was the way it had to be done.

And we ran into this other fight, where they thought they had the county where they could really take all their tax money away from 'em. Russ McDonald whispered into my ear a little truism, that the cities are a creature of the state legislature, they are formed by the state legislature, and by the same power that forms them, they can be dissolved. We had some local legislators, and we had some of the legislators—Ray Knisley was a man who knew problems of this kind, who appreciated this problem, and was very much on our side. So it finally got out into the papers, got into the headlines, that the legislature was considering disfranchising North Las Vegas, taking their city franchise [laughing] away from 'em. And, of course, one of the

columnists who'd been promoting most of this all the time, said that this was a result of my tiptoeing up and down the halls of the legislature, whispering to the legislators, who agreed to this approach. And it was partially true, at least.

But legislators are pretty skilled in this same field that our North Las Vegas friends were skilled in, and they knew how to apply pressures from the other end, and they did. So, finally, we had to come up with a legislative act that just completely deannexed most of this crazy annexation pattern that they'd done, and defined the boundaries of all of the cities, which, of course, the legislature can do. Actually, they salvaged some of it on the basis they wanted some for parks. And frankly, I didn't think that was a very good solution, but I didn't fight it, because we'd obtained most of what we were after. Part of it was this industrial park that they wanted to form, and which they probably would've been much better off if they'd never been able to form it.

Then they drew some new annexation laws. John Porter was instrumental in helping draft those. And we got an annexation law that patterned after some in California, that brought annexation down to the need for it, and the need for municipal services, which was the key point. And we formed an annexation commission, which representatives from all of the area had to sit on—from the school district and from each of the cities, had to sit on and pass upon any annexation program. This worked fine in California, and it works fine on paper, except that when we got the annexation commission formed, it was as strife-torn and as partisan as the area, itself. And the same strife, the same forces behind everything, were at work against each other, and it became more of a political game than a board sitting there, deciding what was best for public interest.

I don't know how long that lasted. Maybe some vestiges of it are still in the law, but it just became evident [laughing] —it was so simple, that even though that'd worked in other areas, it just doesn't work in an area that just has the competition and the struggling going on, the fight for the tax rate, the competition of the cities in the area with each other, and with the county. I sat there and watched the annexation commission work, and my heart sank with that one, because I could just see the same political forces moving. I think, practically every legislature I've been [to] up there, either as a representative of the county, or as a representative of the Resort Association (in which we were vitally interested in the same problem), we've made some changes in the annexation law. And now they have, basically, a pretty sound law, as I have said many times, keying it to the need for municipal services, and the density, and so forth.

The one argument that remains, and one that I always had some success with, anyway, in maintaining, both when I was with the county and when I was with the association, was the method in which annexations are approved, or can be stopped. And this gets down to the point—of course, the Strip is the big value area in what we call the Paradise-Winchester unincorporated towns. It's a big block of value, although it isn't dominant in value as it was in years past, before these subdivisions all grew up around it. But it's traditionally been the Strip that's opposed to annexation, and I think, primarily, because they grew up with county services, or with the services that they'd provided for themselves, or were instrumental in providing. They're the basic support of the sanitation districts—I mean, it's the fees the Strip hotels pay that keep it solvent. And so, traditionally, they opposed it. And, of course, when I was with the county, it was to the best interests of the

county to keep the Strip in a position where they could oppose annexation.

And that gets down to the basic theory of special assessments, or annexation procedure, or anything else, and it's what I call a negative approval. That is, it can be instituted either by the people in the area who want to be annexed, or by the city, itself, who wants to annex the property. And they can initiate the procedure, but they have to notify everyone, all the property owners in the area, everyone affected in the area protest the thing, oppose it, it's defeated. But if they don't oppose it, it passes. This is the theory of special assessments. I'm mixing the two, but special assessment-wise, there's real good reason for it, because you just don't get things like that accomplished if you wait for affirmative action on the part of the people, themselves. So they have the right to stop it, but unless they do stop it, its development can go ahead in that manner.

Now, the question gets down to, "How does a property holder vote? Does he vote his assessed valuation, or does he vote as an individual owning property?" And I was always instrumental in that, and at the time I was in the county, got it (I can't remember whether we got it in there, or got it held in there) but I worked very hard on that. And it can be argued both ways. If you say a majority of the property holders in the area can stop this thing by opposition, that means that somebody who owns a piece of property that has a hundred dollars of valuation has the same vote as the International Hotel, that has \$15,000,000 in valuation. It carries the same weight. So how do you oppose it? Of course, when I was in the county [office]—and it's still there, to a modified degree—the majority of the property holders is defined to be those holding a majority of the assessed valuation of the area. As long as we have that, you at least

have some protection. As I've told some of our people, they haven't got fifty percent of the assessed valuation, or the majority of it, but they have the largest block. And at least they have some chance of controlling which way it goes, and they would be ones that would be the most affected, of course. But if you go by number of people, and count the owners of the International Hotel as one vote, it creates quite a problem.

That has always been attacked through the years. I've been up there defending it for a long time. The cities, of course, would like it the other way. And it was amended to where—I think it now reads the majority of the assessed valuation and area, which diminishes the Strip's influence, to a degree. But that, I'm sure, got in in one of those last-minute amendments that go through about ten minutes before the session adjourns. And I think it originally read or, and was changed to and. It made a heck of a lot of difference.

But the rest of the law—I had a lot to do with the writing of the one that controlled the annexation and the commission, which, as I say, didn't work out too well. But then some professionals went to work on it—Russ McDonald and others went to work. And then the present annexation law, as a result of their work, or whoever drafted it, knew the general problems, and it's well done, and it does define the density of the area, when the area should be annexed. It's a much safer arrangement, and it works out, of course, a good deal better.

But that ridiculous business—I think, if you'd let them go, the cities very well could have ended up with their boundary line being up to Indian Springs on one side, and Lord knows how far on the other. They'd've probably had the whole valley, 'cause at that time, there wasn't any restriction. They just—they wanted it, nobody—you couldn't get enough people to protest it. And a lot of that

stuff was owned by absentee landholders, who just never had a chance to protest it. Clay had it operating pretty good for a while. He hasn't gotten Sunrise Manor yet. He hasn't gotten Mickel Manor yet. They're still after it. And the city of Las Vegas hasn't gotten the Strip yet; they're still after it.

In this same session [1965] came the sanitation district hassle. That's a long story. Basically, these districts were formed to provide water and sewer service to all of this developed area, and, of course, it was responsible for the development of the area, too, because the minute that sewer service becomes available, then the property is available for building and development. Now, the water district always worked (in my opinion) the proper theory, because you develop your mains, and you put out your mains, and it is, basically, the responsibility of the district, whoever furnishes that, to extend their mains as there is sufficient growth to provide customers to utilize the water that comes from these mains. They extended them in an orderly basis. And if you live, say, a quarter of a mile away from the end of the water main, if you wanted that water main extended to your property, you had to pay for it, the extension. Then they would give you credit as they had hookups. If the in-between area developed, they would give you credit from the hookup charges and from the fees that they started getting from the service. But they weren't just going to push it out because somebody with enough influence could make enough noise, to get it extended to them. This was not so in the sewer district. And actually, water service and sewer service should be controlled by the same entity, in a situation of this kind, at least. At least, you should have some reciprocal control. And the water district was always being attacked as being

against progress, and so forth, but they very stubbornly held to this theory.

But the sanitation district was run by boards that were elected for that special purpose. Sanitation [districts] one and two was all of the Strip area, all of the Paradise and Winchester area, and in there; and district two was in Sunrise Manor, and East Las Vegas, and in that area, on that side of the Boulder Highway, on the east side. And, of course, it had more sprawling customers in it and few industrial or commercial customers. They were mostly little homes in those areas.

The board of directors were elected in the special election and, of course, that illustrated the problems of districts of this kind. We have a water district election, and maybe as this area grew out here, in San Juan, it might've had, say, 50,000 people in it, or maybe there weren't quite that many in those days, but there was an awful lot of people in there, a big area. And it did have a ridiculous number of people to turn out for the election, maybe a hundred, or something like that. Just certain people, community-minded people, were interested in serving on this board for what service they could give to the community. But I'm quite sure that, as events turned out, it really wasn't that case. An awful lot of the people who showed up had a reason for it. Some of them were smarter than most everybody else, and realized that even if you didn't take your legal advantage, if you knew where these things were possible, or probable, that there was a direct connection between the value of the land, and the services that were available to it. And there was a lot of money to be made in it. I'm sure there probably was. And, of course, when you get into situations of this kind, you get into tremendous cross-fires, rivalry, and people striving, or fighting each other over either the power, or what's happening, and you get into quite a situation.

And there also was a definite question as to what is a water main? And what is a trunk line? Again, the theory is that the district should pay for the main, and the people who get the services should pay for the trunk lines that come in from that main. And as time went on, I found some queer interpretations as to what was a main and what was a trunk line, and also, who paid for that extension. I mean, the sanitation district, unlike the water district, didn't seem to ask the question, that, if you lived—and sometimes, I'm sure, it was a much farther distance than a quarter of a mile. If you live, say, a half a mile, or a mile, or however far away, and you decide that you can just make a real nice development, or make a nice, tidy sum of money out of your property if you had sewer service there, why, I'd just have to assume there are ways of getting it there. And they didn't make anybody advance the money, evidently, from anything I could find out. They just would decide this was a good idea, and there was a great development goin' on, and the same old business—it's a sin to stifle development in any way, so let's extend the main out there and give these good people a chance to develop this area. Look at all the people they're going to bring in here, and look at all the investment they're going to make.

And—after this thing came to a head—I'm getting a little ahead of my story—I found some strange examples as to what was considered a main, and what happened to be considered a trunk line. Many things that were obviously trunk lines were put in on the basis that they were mains. It happened in two or three very big shopping centers, for instance in which the district paid for the lines that really should've been trunk lines, on the basis that somebody cleverly figured some way out of figuring that this went to another area, so therefore, it was a main, so we'll run

all of this service through this property, and they can use it.

The Winterwood development, the Winterwood golf course, was out in sanitation district two, and, in my opinion, at the time, that virtually broke sanitation district number two because they did extend the main, I think, for a couple of miles to make a service. And this was a large production. There was no question about this. I mean, I'm just in no position to say that the people, whoever happened to be on the board at that time, thought they were necessarily doing anything wrong. They may have justified it on the basis—again, the same old theory—"Look at all the development [that's] going to come. They're going to build a thousand houses out here, and going to put all this money on the tax roll, and we should do this." And they just utilized all their available funds extending that main out there.

Now eventually, that may pay off, as soon as enough people come in there and hook up. They sold their birthright—so to speak—on the Winterwood area for the sum of—I don't know what it was, so much a year, \$25,000, and so much a year—gave them rights to all of the development in that area without any hookup fees, simply to get a little money in advance. This wasn't right. It didn't work out right.

But by this time, the sanitation district boards were in very bad repute. There'd been a grand jury investigation of 'em. They went on a trip around a good portion of the world to inspect sanitation facilities, and get ideas, but they took their wives with 'em, and one thing and another, and it got to be quite a—. They got a grand jury investigation. And while I don't think there was any indictments come out, there was some scathing verbal indictments that came out of it. The newspapers had fanned it up, and the thing had flared up into

where it was very obvious that something was going to have to be done about it. And I think this was at the same session of the legislature that we had everything else going on. It became an individual district with individual directors elected the way they were, that it wouldn't serve the best interests, and that it should be operated by a public entity. So now, the question gets down to who.

So North Las Vegas and Las Vegas promptly have a plan to cut up sanitation district number two, because it was adjacent to their borderlines, and they wanted to take over the operation of that. And I think Las Vegas, of course, wanted to take over the operation of sanitation district number one, even though it wasn't within the areas of the city.

Now, one thing is sure, and that's one of the ways that this area has grown up, unfortunately, and that is, there *should* be only one district. At least, there really should be one for the metropolitan area. North Las Vegas has their own, and Las Vegas has theirs and their own plant. Sanitation district number one has its own disposal plant, and by contract, handles san[itation district] two's deal. The city of Las Vegas, by contract, handles the disposal of North Las Vegas. But basically, it should be one district, and not more than two, if you respected North Las Vegas and the city of [Las] Vegas.

But with all of these other things that were going on, and for political reasons, the county was really the entity that controlled all this area served by these two sanitation districts. And, of course, I was with the county at the time, and we figured the county should have it. And we had some awful struggles with that one. The main thing that operated to our advantage was the ridiculous annexation thing that had put the cities in a bad light (some of the antics of the city of North Las

Vegas,) and they just weren't in the best reputé at that time in the legislature. And, also, of course, the fact that you had this area—and still have—this developed area is still a part of Clark County, and [we] don't know when it'll ever change. They're workin' on it now, but it still belongs to Clark County. The area that was served by this sanitation district is in Clark County. So the county was after it. And we had some pretty heavy battles over that. As I say, North Las Vegas, and Vegas, in order not to step on each other's toes, just grandly cut up the sanitation district number two, and divided it between them, so as not to bring another antagonist. As it was, it was just merely the county versus the cities.

We were successful in retaining it in the county, and it's really, under the present system, where it belongs, I suppose, although there's no question that as a whole, there should probably only be one city government in this area, and all of these things should be operated by one entity. But we did prevail in the thing. I had some bad times in it. I felt pretty much alone in the legislature. The county commissioners were, oh, traditionally, they were the fat cats. And they relied on me, and nobody ever gave me much help. I wandered around there, and made as much noise [laughing] as I could, and tried to follow the problems as best I could. I'd try to come home and tell em about 'em, when I could corner 'em to tell 'em, but I was pretty much alone. Well, they thought I was capable of handling it, I guess, but I felt I could've used some help. And when I'd get into some of these sessions, North Las Vegas were the alley cats, lean, and hungry, and scrappers, and they're all in together. And when you go into any competition, whether it was a Tax Commission hearing, or anything else, you normally have the whole city council there. And they just reminded you of a basketball

team. They just got into a huddle, and surrounded, and patted each other on the back, and said, "Yep, let's go!" And it gave you a pretty tough feeling.

I, in one hearing, got one county commissioner to come up and listen to the battles of the Tax Commission. Jim Ryan went up once or twice. And, of course, now, you were startin' to step on his little people in this sanitation district thing. And Jim went up once or twice with me on that thing, and, of course, was a lot of help, too. But I'd get into some of these hearings, and I'd be there all by myself. You'd look over there, and you'd have the city manager of North Las Vegas, and the city attorney of North Las Vegas, and at least four commissioners, all there, just really charging and battling for the city. Mayor [Oran] Gragson of Las Vegas was very good, and still is, in supporting his city people. He devotes his whole full time to city business. He was up there charging, and sometimes, I felt awful sadly outnumbered, even though I probably had the best case. At least, it worked out that way. And today, you still have the—now, the county commissioners do run the sanitation district, and I hope they run it better than it was run in the days of the old district. I'm sure that a lot of the old shenanigans are not going on, it's all a part of this frantic and frenetic growth, and all the things that are connected with it, and the profit opportunities that were connected with it.

This is one of the reasons for the situation you have in Las Vegas that puzzles a lot of people. I say it's one of the reasons, 'cause there's at least one other very important one. If you could take an air view of the city, or if you take a tour of the country around here, you run into an area, a considerable area, that's just strictly desert, and then another area, that's just strictly desert, and then another development. And this goes on and

on, and goes out six, eight miles on almost any side—east, west, north, or south. And you've got all these blank spots in between. A reason for this situation is the fact that the person who is nearest to the next logical place for [a] development puts his land up at such a fantastic price that a developer [hopes], by hedge-hopping, and checkerboard hopping, [he] can go a little farther out, and get land a good deal more reasonable. And so they do this. And this even goes to the point where sometimes, as in this Desert Spa, for instance, they may go five miles out to get land, and all of a sudden, you see a development there. [It has] brought about the problems—again, going back to the dumping, the desert around became a dumping ground, because the only dump is maybe miles and miles clear on the other end of the valley, and people are just not going to haul it that far, so they go just far enough, when nobody's lookin', and out go their old mattresses, and things, until pretty soon, you begin to get a dump area.

I fought that in the county, and I was instrumental in one of the few things that I could get done—I got an ordinance providing for a hundred dollars' fine for anybody caught dumping in this area. And this helped some, but it wasn't too long until a very good friend of mine I've known many, many years came to me and said, "Say, my father-in-law got a citation that says he's going to get a hundred dollars' fine for dumping. He said he sent this man out with his truck. I wonder if you could do something to help me." And I said, "I don't know what I can do, I'll tell you what I *will*, do. I'll find out what the circumstances are," because sometimes there are mitigating circumstances.

So I went up to the department head that had to do with issuing the citation. And the guy looked at the case, and said, "Well," he

said, "he was dumping, and," he said, "he was dumping right alongside of one of these 'No Dumping' signs that we just put up."

I said, "Forget it."

I went back and told the guy, "Look, the guy was dumping right by a 'No Dumping' sign. He's guilty." I said, "Just tell him to pay it. He can well afford to do it."

I never thought about it 'til sometime afterwards. I happened to ask him, I said, "What does your father-in-law think about payin' that fine

He says, "Cahill, you're naive!" He says, "What do you think?" He said, "You just haven't got juice enough around this county. He [laughing] went to the—I don't know, justice of the peace, I guess—appealed to him, and," he says, "he let him off."

We had an area, here—which sounds a little ridiculous right now, because it's on Flamingo and Maryland parkway—and it was a miniature dump! Well, now, what I mean is, there's maybe forty acres in there, and you wouldn't identify it as anything else but a dump. It just had everything piled up in there, truckloads of trash. Well, the people that owned it happened to be the people that had done most of the development work around here, building, and one thing and another. And, of course, like a lot of other things, when somebody starts something, why, others come. Everybody else decides to come there to dump, too. And so we finally got the county commissioners enough excited about it, and the county public works department enough excited about it, and we told 'em they were going to have to clean it up.

And so the guy came to me and said, "My God, this is going to cost us about \$80,000 to clean that up." He said, "We can't—." He said, "That isn't all one company's." He says, "We didn't dump all that."

And I said, "Aw, what're you talkin' about? You go look at it, and you can see plaster, and building materials, and everything else from when you built just up the street a ways." They built some big subdivisions up there. I said, "They've got all the earmarks. They've almost got your name on 'em." I said, "Sure, probably half the people in the area are out dumping over there, grass clippings, and everything else. But you started it. It's your property, and you've got to clean it up."

And they finally did. I don't know whether it cost 'em \$80,000, but it cost 'em a tremendous amount of money. And I think they finally did it a little cheaper by a method I've discussed before. It so happened there was some washes running through the property, so they shoved it into the wash, and covered it up [laughing].

A private citizen told me, not long ago, that he sold this property of his for a lot of money, \$25,000, or some figure like that, for just some land he owned. He said, "I wouldn't've paid that for it. But," he says, "the guy that bought it didn't ask any questions, and he wanted it." He says, "And, of course, it's a fairly level piece of land now, but actually," he said, "the remnants of the whole Last Frontier is buried on that property." He said, "When they demolished the Last Frontier, they were looking for a place to dump it. And," he said, "I had a big ravine in there, so [laughing] they'd come in and dump it in there, and covered it over with dirt."

And, of course, this is a problem of growing pains, problems of the nature of the area. They never have solved this. We were making some strides. As I say, I had two or three people at one time in the building [department], going around and making 'em clean up. But the problem is, it's just never ending. As quick as you get one area cleaned up, why, somebody's come up behind you. It isn't as bad as it used to be, but the

whole problem, again, is the scattered area, somebody that lives outside of the collection area, and they're ten miles away from the only dump, and they're human beings, and 'cause it's so easy. It's a crime, because the desert is unattractive enough in its natural state, without being filled with mattresses, and tin cans, and bottles, and broken glass.

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We've been skirting all around this Winterwood deal, and perhaps I better go back from the beginning and outline it as I remember it. I think I've mentioned that I had been with the county a very short time, perhaps a month or two, and I had been watching the stream of developers come in, and people with subdivision plans. At this point, the county was just at the end of a terrific growth period (it was still going on in single family developments). In every meeting, there was a number of new subdivision areas that were being approved, and people were constantly streaming back and forth, and, of course, all I could do, really, was sit there, and begin to associate 'em with various developers, and one thing and another.

I could see some of these people that appeared quite constantly, and one of the plans they had with 'em was for this Winterwood golf course. I guess this thing had been in the process before I came with the county—in the matter of development—these developers were going to sell to the county a golf course, to be operated as a municipal golf course, on what was called a turnkey basis. In other words, on the basis of the contract, [they] had the land and the plans for this thing [and] the county would agree to buy this. They would build and turn over to the county a complete facility, to be operated as an eighteen-hole golf course. And when the thing was completely

built, and completely ready to operate, including a little clubhouse, and the [greens] seeded, in playable condition, it was to be turned over to the county on the basis of the contract for a given sum of money, which was close to \$1,000,000.

As I remember, the price of the land was \$300,000. The balance of it was the expense of grading, and laying it out, getting the water there. They had the water developed in a big pump, and they had a little reservoir facility that ran the plants that they were going to build. And they had this golf course planned around this thing. Now, this was part of the Winterwood development, a part of their development of this area, which, as I remember, at the time, was planned for, ultimately, about a thousand homes to be built in the area. But there was some two hundred, or so, homes. And they had a little park area and recreation facilities, which was good for both the county and the developers. This was being done in every area where it was possible, because it made the property more salable for the developers, and the county [was] insured having some recreational area within there. They laid out a tennis court, and it was all quite a deal. Then the subdivision was planned around this. There was, I don't know how many, but there had to be at least some forty or fifty lots bordering the golf course, and, of course, it made the atmosphere of the whole community. It was a golf course community.

I didn't even get wind of it until Ralph Denton, who was then on the Board of County commissioners, asked me, "What do you think of this Winterwood deal?"

And I said, "What do I think of it? I've never seen it. What is it?"

And so then he explained it to me. He said, "They've never talked to you about it?"

And I said, "No."

So the district attorney, Porter, didn't know that I hadn't seen it. He'd been working on it, I guess, before I came there. So I got the contract and studied it. And Elmer Anderson, who was the newly hired recreational director, also went into it. And as I have related, Ralph brought it up in a county commission meeting, and did it for a stalling move, and he caught the county commissioners flat-footed, because they couldn't hardly deny the tact that if they had a county administrator and a director of recreation, who was to operate the golf course, that maybe they should at least see the plans and be taken in to what was happening. So they did do that.

Ralph's contention—and he was absolutely right in it, in my opinion—was that this is a legal steal from the county, that any developer in the area, or any developer that had a large tract to develop of that potential, would be tickled to death to give the land to anybody that would put a golf course, and operate a golf course on it, because it *made* the area, and gave it the very atmosphere it needed. I figured out what it added in price, to them, just in evaluation. A lot on a golf course—Paradise Palms, here (the same developers that built that, and are running around the Stardust golf course), they were getting \$3,000 more a lot for a lot that bordered the golf course. And I figured that in that, alone, they were getting a tremendous extra amount of money, extra money that they were getting for lots just because they were on the golf course. And as I have recited—I found this out later—I didn't know it at the time [that] sanitation district number two extended a mile or two of [sewer lines] so as to make this thing available, and then sold their birthright, you might say, for a flat sum, [so] that they'd never have to pay hookup fees in the future, which was a terrific deal for the developers.

I also found out, as I've indicated, that the North Las Vegas wash came into this area, that they used it as a natural hazard, the swale, there. But it also stood the chance of being flooded out, and still does, for that matter. And it was just something that the county shouldn't be getting into.

Now, there's a lot of arguments, pro and con, that can be made on it. It isn't just outright one-sided. Some of the phases of it, I don't think, is really debatable, but they, of course, could argue that, here the county was getting a beautiful facility and golf course to operate. Everybody else had a golf course—North Las Vegas, and Vegas, and Henderson—so they figured that the county should have one, also. I think there were twelve golf courses in the area. The objection to it was not because you didn't need or couldn't use another golf course, but for the *way* it was done. In the contract, they had the provision that it was on a three-year basis, and that at the end of three years, the county could review the contract and turn it back, if they didn't like it. This was one of their real strong, prime selling points. And so we had this study. Both Elmer and I pointed out the North Las Vegas wash, the danger of water. There was the fact that the developers were getting \$300,000 (I think that was the figure; it's very close, I'm sure) for the land that, really, according to Ralph's reasoning, should've been only *given* to the county because of what it did to the value of the property around it. And I don't think there's any question of that, no question that that's true. But it was put into a very good-looking package. Ralph felt very strongly on it. He opposed it very hard. He tried to get the newspapers interested in it, but for some reason or another, he couldn't get them that interested. They had somethin' else goin', and they did mildly question a little piece of it here or there. The rest of the commissioners

appeared to be sold on the project; Jim Ryan, particularly, was sold on it. And as I say, after pointing out all these disadvantages, point out the fact that we thought that the charges to the county were excessive, the developer was taking no risk, himself, [then, when] they were listening to that, I think, at the same meeting, they virtually said, "Is that all you've got to say?" and then moved that they approve it.

I talked to one of the other commissioners that at least had some doubts about it. But he came up with this savings clause that he thought that they had sold as being the solution to the whole thing, that they were so sure of the deal that they could see—three years, they could turn it back, get out of the deal. And I said to him then, I said, "Bill, in three years, you'll have so much in that golf course, you can't afford to turn it back. You've only got the start. They're just going to turn over a course just barely ready to operate, and you are going to have to just add a lot of things to that, and by the time you get through improving that up to the standard that it's got to be, you're going to be in it so deep that you couldn't possibly turn it back. You've got to buy equipment, mowing equipment, and fertilizing equipment. You've got to hire a pro in there. You've got to run a clubhouse, and you're just going to be in it so deep that this is ridiculous. That cancellation clause at the end of three years isn't any protection to you at all." But he never did agree to that. He thought that that was the thing that salvaged it, and that was the thing that proved what a tremendous deal it was.

I think that the county paid excessively for it, particularly into the land. They were valuing the land at the same value that they did for subdivision purposes, and got that kind of money out of it.

That sewer line they extended just took all the surplus sanitation district two had, just virtually broke 'em. They were, of course, absorbed by sanitation district one later, but they never could've lived it out if they'd've been dependent entirely upon the revenues that they got out of it.

And they went ahead and built it as planned, and took some time in the construction. Elmer Anderson made plans to take it over. He was a very capable man, and he was in on it during the building, and recognized the type of a job he had to do. We also knew that it was going to cost the county an awful lot of money. They were going to operate at a loss—this is the history of anything of that kind—for at least three years or so before it got to be at all on a paying basis. And I'm not sure that it ever did get on a paying basis. A little depends on how you charge those things off, what you charge to the expense of operating the course, and what you don't, particularly in a municipal operation.

Even before the thing was completed, we saw many things that were going to have to be added. We had to add extras to the price of the contract, and there wasn't, for instance, anywhere near enough provisions for storage of equipment, and fertilizer, and things of that nature. We had to expand that, and we had to add various things to it. The clubhouse was inadequate. They furnished it pretty well. I will have to say for them, they turned it over pretty much in the manner they promised to do. I think they even had it furnished.

And it created quite a little storm for awhile. It eventually went down, as I say, again, as progress. We had a nice, new golf course that people could look at as another achievement of the area, and this was great.

About the time it was completed, we were now up to something over a million

dollars that we agreed to pay. Now, this was financed over a twenty-year period—I mean, it was all part of a package. We had to pay the interest, and the money was also financed by an institution that these same people were interested in. I think it was a twenty-year plan, pay so much a year. But with county credit, you've got a lot better shot at it than you have as individuals. They're not worried about the county going broke. And so they had it financed on this basis.

By this time we were up to \$1,060,000, or something like that, with the extras that we'd had to put in. There was quite a few of those. And then the people came to us. Jim Ryan told me that one man that'd been handling most of the business end of it just wanted to see me. And he came to me with a sad, sad list of expenses, and all of their costs and everything, on the sheet, and he said they were \$300,000 in the hole on it, and that the thing really was \$1,300,000 instead of slightly over a million, and this wasn't fair, and that they thought they should renegotiate the contract.

And I said, "What're you talkin' about? You've got a firm turnkey contract. That's your own interpretation of it. You're handing us a firm contract for a given price, and turning over a golf course to us. Now, where do you get the idea that the county is responsible for your overrun of costs?" I said, "If you build it under a private contract for anybody else, under a firm figure, you swallow a loss." I said, "That— frankly, that loss is just about what you ought to've swallowed in the first place."

Well, he didn't say anything more to me. He just said, "Well, maybe that is right, but you can try, can't you?" Didn't give me any more argument on it.

John Porter helped me on that tremendously; both of us about blew our lid on it. And we knew the pressure wasn't

over. And it did come up before the county commissioners. Jim Ryan and I had a little tangle on it, and John Porter, too. John jumped in there, and we both tangled with him on that one. Jim just flatly said that he thought it was nothing but fair, and the county owed the money. And Jim Ryan's very tough to debate with. He has a way of stating things so that it appears you can't refute them.

And I made the statement, I said, "You had a firm contract. Any builder, or anybody that builds anything, pays on a firm basis. And if the builder loses, he just has to swallow it, because you don't feel sorry for him afterwards, give him more money.

Jim says, "What're you talkin' about?" He said, "There isn't a contract ever made around here that there isn't money added to, that doesn't cost more than you figure."

"Well, of course, that's true," I said, "but those are extras that are agreed upon.

There was an awful lot of arguing on it. The county never did pay it, to my knowledge, although I was told several times they tried to revive the issue. I was told once that they tried to revive it after I'd left the room. But as far as I know, and at the time I left, I don't think that they ever did give them any more money for it.

The property developed largely as anticipated. The first year, they had terrible problems with the mud down in the wash area, and they had to make extensive changes to— they did correct it, to a degree. I think they got it corrected to the point where anything but a major wash would be all right. We slogged through the mud for one period. They had the county engineer out there correcting that, and they had to spend more money on the clubhouse, naturally. And sure enough, they operated at a loss for a period of time, I'm sure. I saw the report

at the end of the first year, and the loss was tremendous on it. And sure enough, by the time it came time—came the three years to either drop it or continue it, the county had no choice. [Laughing.] They had a golf course. Another thing that was an intangible is that, by now, the people were getting used to the golf course, and they just couldn't abandon it for that reason. The people just wouldn't've let 'em, the people, who, by now, had gotten used to playing there. I'm sure that it's been developed into a pretty good course. I'm sure that it's an asset to the community, as it stands now.

It's like a lot of other things. It's like the bridges Huey Long built. People can point to 'em, and say, "Look at that beautiful thing that we did!" But when it comes down to how you did it, and the motives that were behind it, and everything, I just think there was an awful lot of questionable things about it. But it's done. I'm sure nothing was done that was illegal. They had to get an opinion from the attorney general so that they could enter into a contract of this nature. I didn't agree with that. But I'm not an attorney, and I guess I wasn't supposed to disagree with it. I felt that was a kind of an expedient opinion allowing the county to purchase something like that on a term payment basis. But they got an opinion clearing that. And I'm sure that, today, people think that the Winterwood is a nice addition, and it's great for the county to have it.

I would have to assume that they should have it running by now on a basis of its own revenue, as far as operating. I don't know, the last that I heard they were ever able to take from expenses, were able to pay the capital repayment out of it, and I doubt very much that they would.

This development was sold. Sproul Homes later went into it, bought it. Of course, this is the history of most of the developments of

this type. These people develop these things, and when they did a good [job] in making an attractive, nice property, then they'd sell 'em to somebody else, who'd come in and operate them. I don't know what happened to it after I left, but a lot of these developments that went in, the county required them to put a recreation area in, and they would do this. They'd put in some tennis courts, or a little park area, or something, which is a two-edged deal. It's good for both of 'em. But then, similar to a condominium, or a townhouse setup, the people of the area were supposed to run the little recreational section, maybe a square block in a good, large area. But pretty soon, these people were flocking back; attorneys and developers were flocking back, wanting to deed property back to the county, because they didn't want to operate it themselves. One of the areas, I recall, it was a shame. It was in a nice area, and a much above average development—I mean, as far as value of property went. [It was on the fringes of the golf course development.] And it was a shame: the tennis court was just completely used and grown over. I mean, the weeds were growing around it, there were cans around there, the lawn had died, and all because the people just weren't about to continue to pay for it, or maybe they couldn't agree on payin' for it. So now, what's the next move? They come around, and all of a sudden, they come up with a big, generous move. They say, "Look, we'll give you this," and then try to make it look as though it's a very generous move. They say, "Look, we'll give you this," and then try to make it look as though it's a very generous [laughing] thing that they're giving to the county. And, of course, the county's expected to keep it up and run it. And, as I said, "The next thing, they'll come in, and now that the county owns it, they'll suggest it'd be very nice if we'd put

a swimming pool in there, and keep that up and so forth.”

And I was still fighting that one. This trend started to develop just as I left, and I was still fighting that one when I left, trying to convince the county commissioners that this wasn't really an altruistic gift. It was given to them with the idea that they could operate it in their recreation department, and take it off of their hands.

One case, we got a pretty good deal. The county bought that one, and made the recreation department headquarters out of it. They have a swimming pool in it. But it was the same deal. The developer was tickled to death to get rid of it, and I hope, and I have to assume, that in these new areas, I'm sure these new condominium townhouse areas are kept up, and I'm sure they're on a sounder basis than these original ones that came in.

All of this past discourse comes down to the present problems of the area that're still here. I think some of them aren't as bad as they once were. We're at least down to a more sane policy on annexation. But it gets down to the same thing, and that is under consideration and development now, and that is the hopes that you can get a consolidation, particularly of the three governments in this area, and a metropolitan area government of some sort. Actually, the city of North Las Vegas, Las Vegas, and the Strip area (which is the unincorporated towns of Paradise and Winchester), particularly, are one metropolitan area, and it only makes sense that they should be governed by one board.

North Las Vegas built a new city hall, and it's a gorgeous thing, and it's well done, as everything they went into. I would say less than two miles away, airline mileage, at least, is the Las Vegas city hall, now being built at a cost that started at \$8,000,000, and it's up over nine, and probably'll be over \$10,000,000

before they get it built. Four blocks away from that is the county courthouse, that's just recently had an addition of three more floors, and is a beautiful sixstory edifice now. The county has bought the old grammar school and is using that for some overflow of offices, the election department, and one thing and another. Now, they have [un]incorporated areas at Paradise and Winchester. At least one very active group, very much of a minority group, but active, the town board of Paradise, is wanting to form another city in that area, and they're very serious about it. I went to one of their meetings, and they tried to give the impression that the Strip hotels were not opposed to it. I had never gotten the Strip hotels to take a stand on the matter. But when this statement came out in the paper, that they weren't opposed to it, I did get them to it, and naturally, they *were* opposed to it. I went to the meeting and told 'em this, and they said, “Why?”

And I said, “Well, they didn't really tell me why, but I don't know why anybody would have to go very far into that. They think that two city halls, both new, grand edifices, and a grand county courthouse are about all we need. We don't need a fourth one. And we don't need another police department, another fire department, another planning and zoning commission to add, already, to the competitive situation that we have here. These things are ridiculous. What we need is less governments, rather than more.”

Right at present, I don't know how far we'll get. One thing that I don't agree with at all, but I can see the practical aspect of it, is the city of North Las Vegas just is not going to go with a consolidated plan. They're probably willing to push any plan that includes them out. I think it's probably similar, a little, to the Reno-Sparks problem. And it doesn't make sense to me, but they've got their own identity

to protect, their own departments, their own jobs, and we've been working on it for four years from the state end. Four years ago, the legislators worked very vigorously on it, and got a bill through that had the basic planning for putting them all into one government. It required a vote of the people, a majority vote of the people, but a vote of the people of the whole area involved, and not by individual districts. Governor Laxalt vetoed it on the grounds that North Las Vegas was just really having tantrums over it. Of course, Laxalt vetoed it on the grounds that it should've been by the majority vote of each entity involved, and you'll never get that. There's just too much private entity, too much organization, to get North Las Vegas to agree to be part of an overall metropolitan area government. I think you could get the majority of the people of the area to vote for it. But, there again, you've got pros and cons. A lot of people say it isn't fair. I say it's the only way it can be done.

This last time, there was a bill that went through to get a moratorium on any further annexation or incorporation of any new areas until a study commission that's now in process comes up with a report as to what might be done. It's one of those things that you can put onto paper, and put all the reasons in the world that I think are persuasive and good, but to get the people of the area to buy it over and above their own selfish interests, and their own concerns, is just almost an impossible job.

The next step—and I know that's under consideration, as it has before—is annexation. And now it gets back to the old sanitation district deal. The cities are perfectly happy to get together, and they'll cut it up between themselves. North Las Vegas'll take Sunrise Manor, and all the area west of their town, and bordering their area; and Las Vegas'll take the Strip, and the area bordering the

Strip. So now, you've got it cut down to two areas instead of three. Now it's being run by the county, and if it wasn't run by the county, it'd be run by a newly incorporated city. But it's going to take a tremendous realignment of values, it's going to take a tremendous realignment of revenue, and their whole financial system, because, again, the county has grown up, dependent on this area of Paradise and Winchester, and I don't think there's any question but what the county gains more out of it than it gives back. And to run Clark County without that area, and without the revenue that comes from that area, it would mean a tremendous realignment, and some awful knotty problems.

At one time, the Strip was violently opposed to annexation, and they had a reason to be, because then, tax rates were much lower. This wasn't that much of an urban area, and demands weren't as heavy, and at that time, oh, just a few years before I came with the county, the tax rate out there maybe was three dollars and ninety cents a hundred, where the tax rate in the city was five dollars, the constitutional limit. And today, I think the tax rate out there is four dollars and ninety-nine cents, and it's five dollars in the city. Actually, the license fees are higher in the county area (because the county has been kinda bleeding that) than they are in the city. So the question really comes down to changing a known quantity for an unknown quantity just in the political area. In other words, they're used to the government of the county, and the county commissioners; and I don't think they always feel, particularly in recent years, that they have fared real well on that, or as well as they probably should have, under the jurisdiction of the county sheriff, and the county licensing board. But this is a known quantity to 'em. At least, with whatever faults it may have, it's known; where going into the

city is an unknown one. They're just reluctant to even look at it. And what may come out of it, I don't know.

I wish and hope that we could get the consolidation out of it, and drag North Las Vegas in by their hair, if we have to. But I doubt very much that that's going to happen. The same old forces are pulling and hauling, and the next legislative session may be very important in deciding what may happen in this respect. The one thing that I know, and feel very strongly about, is that the worst thing that can happen, possibly, is to start another city in an area that already has too many.

Dave Henry and I ([he is the] present county administrator) pretty much have the same viewpoint on what should be done. And it, again, gets back to the same principle we were discussing in the beginning, and that is that some people, opponents, try to defeat this thing by opposing it as one government for the whole county—and Clark County's a pretty good-sized county in area—and just have one board governing the whole thing—city, county, and the whole business. I don't visualize it that way, and neither does Dave. As I brought out before, there are things that should be covered by a county board, and are county-wide problems. And those things that are countywide in nature should be governed by a county board. Urban problems that are urban in nature could well fit into the area of North Las Vegas, Las Vegas, and the Strip area of Paradise and Winchester. I'm sure that Boulder City doesn't belong in it, because it's remote geographically, and has a different concept in it. I don't think, at this point, that Henderson belongs in it, although that's getting pretty close. If the time hasn't come yet, it will come, before too long, when the area'll probably be pretty solid in development. At present, it isn't, and Henderson has some problems. I just don't think, at this point, that

that's as crucial. I don't think you can count it. Henderson, governmentalwise, is a part of the metropolitan area at this point, although that's a close point. But if they could develop something in that area, I know it would have its drawbacks, but it would just be the best thing that could happen to us. Whether it will or not is something else, or whether we'll continue to go on the basis that we have, of rival governments, overlapping government.

And again, I guess we're fortunate. Whenever I've told the troubles of our overlapping tax districts, bond districts, and thirty-five individual tax districts, [to] people from, oh, some of the Midwestern, larger cities [they've] said, "How would you like to have a hundred, like we have?" And I guess it's a constant problem. The metropolitan government theory is one that goes like motherhood. It's awful hard to oppose in theory, but very difficult to get accepted in practice. And yet, basically, [laughing] they're in a—as I see it—a real good argument. I mean, the good outweighs the bad so far, that people should push it and be willing to go for it.

I think, sooner or later, something's going to have to give in this Clark County area. I just question that we can go on the way we're going, with the overlapping jurisdictions that we have, and the rivalry that goes with it. And the fivedollar [tax] limitation makes it all the more difficult. This is something other areas don't experience. I don't think there's any other area in the country that has a limitation on the overall tax rate. They go on individual rates. For instance, they may have a city limit or county limit, by classes, and so forth. But the constitutional tax limit puts each of the districts in competition with the other. Every time one of 'em adds a cent to his tax rate, if they're at the five-dollar limit, it's taking a cent away from somebody else.

For that reason, we have all the more reason to be a part of a metropolitan area that has just one government, one set of problems, and not everybody struggling against each other.

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We were going to talk about some of the county commissioners that I worked with, as I remember them.

Of course, I think one of the most interesting, and probably the least understood—although when I say that, I mean I don't think anybody, including himself, may have a full understanding of him—and, of course, that's Jim Ryan. I have mixed emotions about Jim. He has so many qualities that you have to admire, and does so many things that you have to admire him for, and yet, he's a stormy, controversial character in many ways, and in some ways, an enigma. I think maybe he's an enigma to himself. But I think the one thing about him, as it stands out in all of the dealings that I have had with him, or have seen revolve around him, is the fact that he has a philosophy—I mean, he believes in it, a basic philosophy—and he's what you would term a "have notter." He favors the "have nots" against the "haves." It's instinctive with him. And it may seem like kind of a ridiculous or flowery comparison, but I almost have to compare his philosophy to that attributed to Robin Hood in that he couldn't do too much, in many ways, for the have notters, and he had absolutely no basic sympathy for the haves. And I think that anything that he might have done to the haves, that his conscience might otherwise have bothered him, was dismissed in effect. And I'm sure that he just has this basic approach, and just figures that anything that happens to 'em, they deserve. And yet, basically, he's friendly with 'em.

I, of course, first ran into him when he first came to the assembly as a young man and a labor leader. And he was a fighter then, as he is now, and always has been. He, of course, was totally devoted to the cause of labor, and, at that time, I think, was playing the role that was expected of him as a representative of labor. And I have the feeling, many times, that many people that represent labor do so because it's advantageous to them. It isn't, really, basically, for a deep cause. They use that cause to further their own ideas, and to benefit themselves, to a great degree. I think that most of them, of course, are sympathetic, and basically sympathetic, to labor. And, of course, this was the role that Ryan played in the two or three sessions that I remember him. You expected a fight out of him any time that anything came up that labor should be expected to oppose. He had lots of courage. He, of course, gradually was learning parliamentary maneuvers and procedures. Maybe *gradually* isn't the right word, because he picked 'em up pretty fast. And it wasn't any time until he was a respected opponent, and expected, when he rose to anything, to give it a tough battle. But most of that, I think, was his courage and his ability to get up and fight. He had, of course, a poor command of the English language, but that didn't hinder him a bit, and it improved as time went on. He expressed himself, and you knew what he meant. I think perhaps the classic was when he opposed the sales tax, of course, as labor would be expected to do. And the sales tax came very close, in two or three sessions, to passing; and labor, plus other opponents, always managed to fight it off. I think it passed in the session that Pete Burke was speaker.

Now, in passing, Pete was the kind of a labor person I just described. He started out as a strong labor man. He served first in the session of the legislature that I did, in '39.

Labor was his cause and he rode it, but Pete, basically, wasn't a labor man, didn't belong to the laboring party. It was a political issue with him, as much as anything else.

So when the vote finally came up for speaker, there was many parliamentary maneuvers on it, I'm sure, trying to keep it away from votes. And Pete finally went onto the cause of the sales tax. Now, that may not have been reversing labor, because I think Pete, like many others, saw that it was something that had to come, regardless of causes or anything else. It was just something that had to come. And Pete finally took his side, on the side of the sales tax, and, of course, alienated his labor supporters.

There had been a number of maneuvers on the sales tax. One time that I can remember, they faked a—or, they were going to bring it up at a night meeting, and they went and got Jim out of bed because he was their leader, immediately marshaled the forces opposing it. And, of course, when they got [him] up, and got him dressed, and got him out, and everything, why, found out that it *was* a hoax.

But this time, that I mention, coming up with Pete Burke, Burke did make a ruling, which did show the side that he was on, on the sales tax, and Jim jumped up on the floor and made his classic remark that ought to go down in any dictionary of classic remarks. He said, "Mr. Speaker, our friendship has went!" [Laughing.] I don't remember how many sessions of the legislature he served, but I remember very well when he was there. And yet, even then, I noticed that, personally, he was a different man than he was on the floor. He had that hard, tough way about him when he was on the floor, and had the reputation of being one of the toughest; and like many other people of that type, he really wasn't. Inside, he wasn't tough at all. He was friendly. I'm sure he liked people. And I don't think he

enjoyed, basically, hurting people, stepping on them, as he had to many times. But I think it was this burning philosophy, or cause of his, that kept him going on that. But he wasn't hard to approach. In fact, I think this hard exterior may have been developed because he, himself, recognized his vulnerability, and put up this hard exterior so people wouldn't try to penetrate it. I found out that, personally, if you talked to him, that he wasn't the same hard person, and seemed to rather want to be friendly, even though all the time that I was testifying in the legislature on budgets, and on various things, I was never on the side that Jim was. He cross-examined me many, many times. And though I didn't know him well at that time, I always rather liked him, and I felt that he felt the same way towards me.

He ran for lieutenant governor one time, which got him off the assembly list. I don't remember whether he ran for some other office, senator, or something. But that kinda got him off the state legislative list. And in the latter part of his career, of course, went in and was better known as a [Clark] county commissioner. He was county commissioner when I came to work as county administrator. As a matter of fact, was the only one of the county commissioners that opposed my appointment. But, again, I didn't feel that it was anything personal, or neither did I feel that it really meant that he had anything against me. He just—Jim is also an "aginer." It isn't too easy for him to go along with who's running. I think he favored getting Clay Lynch as county administrator, simply because of Clay's accomplishments. And he felt that Clay was more of Jim's type, rather ruthless, although they never got along in the capacity that Clay served in, as city manager of North Las Vegas. But it wasn't long after I got on the board that I found that Jim was not hard to work with. He had his own ideas, and his

own way. Of course, as county administrator, [I] never got into policy at all, so the main thing that I could do was just sit back and watch things develop. I don't believe that he completely ran the county commission at that time, when I was working with the county, as much as he did later. He could pretty well stop anything that he set his mind to—at least he would give 'em an awful tussle. But I never had the feeling that he just completely dominated the board, as I felt he did later boards.

However, he knew how to get what he wanted, and I could sit and watch him do it. One thing, Jim was an elbow-to-elbow man—I mean, he was a little bit like Governor Carville in that respect. He didn't work his best in crowds. He worked his best as man-to-man, leading somebody into a corner, talkin' 'em into something. He could be very, very persuasive when he wanted to. And he knew when to use the soft approach. Normally, on any of this type of approach, what I would call a man-toman approach, or just talking person-to-person, he used the soft approach. He actually had a very soft, quiet personality, [but] when he would get on the floor in meetings, where there was a packed hall, he could be just very tough and immediately turned around. He gave you this real hard-shelled impression, and he knew how to use parliamentary maneuvers, and he also knew how to outmaneuver most anybody. He was fully aware of what was going on.

He has a tremendous sense of humor, and he has the same ability that Walter Cox had. Sometimes, when he didn't have any other ammunition than his sense of humor, he could turn the debate or the discussion around with just a smart crack, or a wise remark, that'd put everybody into stitches, and take the tension off of it, and sometimes, just turn the subject around.

I would watch him work, and he'd pick up a commissioner, take him by the arm, go over into a corner and talk with him, and then he'd wait around a while, maybe pick up another, take him into a corner, and talk to him. Sometimes, I wouldn't even know that he was workin' on 'em, but it would come to light, and you could see him move it around, and pretty soon, just as easily as could be, it would pass.

Jim never worked for more than he needed. He needed two votes in the county commission, and if he wanted anything, he just went after those two votes. He was a trader. Like anybody in a position like that would, if he received a favor from somebody, he would do them a favor back. But Jim never wanted to be obligated to more people than he needed. [If] he knew he needed just three votes to pass anything, and that was just what he went after.

He was chairman several times. He was chairman twice while I was there, I think, and has been chairman since, sometimes successively, and sometimes alternately. And again, when he worked on that, he would just maneuver for the votes he needed. He'd do it very quietly, and in the manner I've described. And when it came up before the commission, there was very little fanfare. It just went through so easily. Of course, there were dissenting votes to him, but he had what he needed.

In the light of things that've developed now, in his indictment by the attorney general, and one thing and another, I would have to say, in the time that I served for him, I could never testify to anyone that I ever saw him do anything wrong, or saw any indications of him doing things. You would see results that happened, and hear rumors, and one thing and another, that something or other was fixed, but I certainly could never testify

to that. I could see him maneuver around, and I've seen him maneuver situations that just looked impossible. He defeated this hospital resolution, when they tried to take the hospital over as a nonprofit corporation by a group of citizens, and it had, I think, all the power of the community, practically, on it. And Jim Ryan defeated it, just single-handedly. He just opposed it, and just killed it, virtually single-handedly. And yet, afterwards, you'd wonder how he did it.

He would come to me with things that he wanted done, but he never asked for anything on a personal basis, or as a favor, or anything else. He would always put it up as the right thing to do, and this was the greatest thing that we could do for the county, and it had to be done, and I had to help him do it. Now, whether it ever furthered any personal ideas of his, or accomplished anything for him personally, I could never say, because all I could see is him work around. He was typical, in that he was strong for his friends. He never forgot them, and he had that kind of a political organization. And these, of course, are the people, historically, that've been probably the most successful politically, those that stay by their friends, and their friends that stay with 'em through anything. He was always ready to help 'em. He could turn things with that soft, easy way of his when he wanted to. I've seen him do it. I've [heard] people ask him why he did something for 'em, and he'd say, "Because he was a friend of mine," and no other reason. And he'd look you right in the eye, and that soft grin of his, and that was the way it went.

As commissions went on, it seemed to me he dominated 'em much more than he did when I was there, because we began to get new commissioners on there that had to learn the ropes, had to feel their way around. And Jim was just too much for 'em. The commission that was serving when I was there, of course,

was Lou La Porta, who was an old-timer, and had been on the commission for a long time. Lou basically liked Jim. But Lou was an old-timer, and couldn't be—. Lou was a very soft person, also, [had] a very soft approach, but I don't think anybody could maneuver Lou around from lack of experience. Bob Baskin, who I'll get to later; Ralph Denton, who was a very capable, astute man, and had been associated for a long, long time with people in government, and knew it well. No one could maneuver Ralph. I think Ralph, just like a lot of the rest of them, basically liked Jimmy, and was amused at many of the things he did, but Jimmy couldn't maneuver him in any way. Bill Briare, who was a new member when I first came on, but learned the ropes rapidly. Every one of them basically liked Jim enough that he could persuade them, and at least persuade two of 'em, to go along on most of the things that he wanted.

I observed, many times, situations where I wondered why he did some of the things that he did that didn't seem to exactly fit into his basic philosophy. But certainly, there was no evident signs of him having any particular reason for doing those things. I think, as a labor leader he was a man that could get along with management, knew how to talk to management, and I don't think he was ever classified as that unreasonable and hard-headed. He was able to deal with 'em, and I think this is part of the reason for a lot of his success. Despite the basic philosophy that I've described, he had the ability to get along with the "establishment," so to speak. He was the director of First Western, he moved in the circles of people in the establishment, and I'm sure, did quite well in that respect. And I think he was liked by a lot of people. He had the ability to get along with 'em. And of course, he trampled on an awful lot of toes, and could do it completely roughshod when he wanted

to, and made a lot of enemies, and, of course, was negative to many things.

He was involved in the Winterwood golf course deal quite strongly, and worked with the people who were building that, who had gotten this contract for the county. They were very wealthy men, but he made them also look after his laboring people. It wasn't any time 'til he saw that he had his laborers put to work on that golf course. I think, one thing, they respected his power, and they knew that if they got him against them, that he could be an awful tough opponent. But he seemed to get along with 'em and worked with them very well. He worked with a lot of people this way, that were really not his type of people, so to speak. But he knew their language, and he knew how to get along with 'em.

Probably the most interesting thing about him was to sit by, once you began to get some idea of what he was trying to accomplish, and watch him do it. It was just done so smoothly, and so easily, that it was just very, very difficult to put your finger on what he'd done and the way that it'd been accomplished. But the results spoke for themselves.

He's still a county commissioner, and, of course, looks after his friends, and, again, makes no bones about that, in county government, in jobs, or anything else. He probably uses more power that way than any commissioner ever has, to my knowledge, but he also champions the people of the outlying areas. He represented the unincorporated area and, of course, that was included in Overton, and Mesquite, Indian Springs, Goodsprings. I told the people of Overton they ought to put a statue in their town square to him, because he just accomplished things for them that probably no one else could. And it really never bothered him, whether it was—oh, I wouldn't say *legal*, but, whatever—the proper way to do it, or whether it followed the proper

conception of government. It was something he felt should be done, and they were friends of his, and he was going to do it. And nothing ever bothered him, as to whether he might've stretched the lines of good governmental procedures. I can't remember whether I've mentioned that. Of course, he saw that those people in the outlying areas got paved roads, and a new jail, and many other things that they needed. On the other hand, they got many things that probably, in my opinion, the county government shouldn't have provided. It really should have been done by the people of the area, themselves. He was very well known for being able to get roads to various areas. And I think, in line with his character, if you would've asked him [why], in many cases, he'd [have] said, "Because they're friends of mine. They need a road out there." Of course, this isn't unusual in the history of Clark County government.

[Of] his present predicament, I'm just completely torn, because I do have a strong personal feeling that I can't explain. But he's a man that commands those type of feelings. And I would have to say that as far as anything I have ever been associated with, he always gave me a fair hearing when I was with the county, or after I was out of it, and many, many times didn't agree with me. I don't know of anybody that has been tougher on the county commission, from my present job, to deal with. He's raised license fees on us when he's set out to do it. He may have lost several maneuvers, but he'd end up finally getting what he wanted. He would get it before he was through. He's not a good loser. And in those cases where he did lose, you knew that he hadn't quit. He was going to come right back, until he got you.

And yet, during all that time, I could always talk to him. And that's an accomplishment, because I've often said that he had the faculty

of disappearing faster, quicker, and more completely, than any man I ever knew, and he might possibly have been within fifty feet of where you were looking for him. When I was with the county, he knew when to talk to people, and when not to. And if he didn't want to talk about anything, you just wouldn't find him. And if you did find him, you wouldn't hold him very long. And I've always said that lookin' for Jim Ryan when he didn't want to be found was like looking in a coal-black cellar full of coal-black coal for a black cat that isn't there, because you just aren't going to find him. Normally, the way you would get ahold of him, if you had a number, would be—and it always has worked for me, because I know of his personal feeling for me—you'd call that number, leave word that you wanted to talk to him, and if he was around, in two minutes, I'd get a call back. Of course, he was never there when you called. But two minutes later, I'd get a call back, "What do you want?"

And many, many of the things that he's done, I had to feel [was] for his friends, or for some reason that I couldn't fathom, or square with his own basic philosophy of government. And at other times, he's done many, many good things, simply because of his basic feeling for people, and his basic feeling for the little guy—not necessarily the underdog, but the little guy. He's defended the people in Sunrise Manor, and these places I've mentioned, time after time. He has the ability of an old-time politician to be able to get up in a group without any real fancy words, or anything, but be able to stir 'em up and have the feeling that he was their leader, and he was the guy that was going to see 'em through, which he did do many times. I don't think, in this present predicament, that he's going to quit. I'll guarantee you this. He'll never forget what's happened to him, nor the reason that these things have happened to him. I wouldn't

be surprised if he would stay in government for that reason. And I'm sure he'll fight back.

He knows how to tear you to pieces in a county commission meeting. I've been up against him a number of times in my present capacity. And he knows how to use everything that's to his advantage. If he's chairman of the meeting, he knows how to use his position as chairman, and to do it without making you feel that he's slapped you around at all. He can give you a good slap around—or, your cause, at least. I always had that feeling. He slapped me around many times, but I always had the feeling that it was the cause I represented that he was slapping. A little later on, why, we'd have a very friendly conversation about something. But he knew how to use his position, and utilize every advantage. And he always got the last word because of his position, and he knew how to just really, thoroughly, whip you with the last word when he knew you didn't have any rebuttal coming. And, of course, that's a good debater's trick. I don't think Jim ever took a course in debating, or ever studied it in his life, but he was marvelous at it. He knew how to use those advantages, and he knew how to be able to leave with the last word that, sometimes, was quite devastating. I don't think there was ever a tougher opponent for attorneys, or professionals, or anybody else that had to appear before the county commission, when Jim was against 'em. On the other hand, sometimes, for no reason at all, unpredictably, he'd just either keep quiet or side with you on something.

I'm not really sure that he fully understands himself, and I call him an enigma. But I would say he was one of the very interesting people in Nevada politics and government.

Bob Baskin, who served on the county commission with him, was a different type of person in many ways, but a very, very interesting man. He came to Las Vegas, I

guess, in the '30s, quite early in the growth history of Las Vegas, ran a bakery, and I could never do him justice in trying to describe him. He was, in some ways, apparently very naive. I would say that he was easy to sway, or swing, with personal friendships, or with people that he liked, which I think, sometimes, didn't work out as well as it should for him. People, I think, did take advantage of him in this respect. And Jim Ryan knew him perfectly, and knew how to handle him. He knew how to work with him. And yet, Bob had one of the keenest senses of humor of any person I ever saw, and nobody ever completely fooled him.

Now, I know that sounds like a paradox, because people did take advantage of him, but I always had the feeling that when they did, he knew what they were doing. At least, many times, did. But [as to] his own personal feelings, or his own personal regard, he'd just chuckle about it. He knew when Jimmy worked him. In fact, he would tell me about it, and chuckle about it. But either it didn't make that much difference to him, or it kinda tickled him when he did it, and he quite often sided with Jim on things like this.

And I would have to say that Bob Baskin was one of the best friends that I ever had, personally. He was the strongest supporter I had in the county commission. To my knowledge, I had never met him—I had seen him, but never met him when I applied for the job as county commissioner, and yet, he is the person who worked the hardest on my application, who worked with the other commissioners to get me in there, and supported me most solidly after I did get in. When Bob had confidence in you, had complete confidence in you, you could practically do no wrong. And I happened to be one of those that was in that position. And yet, basically, the only reason he had was because he knew people that knew me. He'd gotten his

impression of me through other people, and just decided, I guess, that that was the way things were, and he was going to go for me, and he always did. He had that terrific sense of humor, and, of course, long experience in Vegas politics. He knew everybody, and I think knew their motives, knew what they were trying to accomplish. And he served on the city commission in many respects. People loved him, and he was of course, trapped into causes, I'm sure, that hurt him, or causes that, basically, you wouldn't expect him to support, simply because of his vulnerability in this respect. He was one of the supporters of the Matthews petition. And, basically, I know his reason for that, although I think he withdrew from any active participation after it was started. Bob ran a restaurant. He ran what he, himself, termed a working man's restaurant, which was food thrown at you in good quantities, and prepared reasonably well, enough to satisfy the appetite, and at a reasonable price. And his restaurant was the hangout of every local politician in the city. There was two or three booths that were constantly reserved for these people that just dropped in there for a cup of coffee. And I think pretty near everybody in political circles in Las Vegas—all of those people who dealt with the city or county—would stop in there. Probably more deals were made over those tables, or more people convinced of deals. There was a tremendous amount of humor in it. Bob loved it. It was really first in his life, over the restaurant business. He'd come to the table, or would pass from table to table, and listen to the conversation that went on. And I would think, from that, anybody who wanted to run for office; or aspired to running for office, would be in there with the group. I think Bob probably knew more of what was going on in Las Vegas, for this reason, than any other single individual. He would amaze

you, sometimes, with the things that he would know about the reason for various things going on. Yet, you'd see him in a county commission meeting, and you'd think he didn't understand at all, that he just sat there and listened. Once in a while, he had the same ability as Jim Ryan. He could sit there and listen to a debate goin' on, never say a word for an hour or two, and then sometimes turn it with just one smart remark that just had everybody in stitches and took the tension off, and sometimes changed the direction of the way things were going.

Not very often, but occasionally, in later years, his leg bothered him a lot. I ' m sure he was in a lot of pain. In later years, once in a while, he would show up in a county commission [meeting], and you were sure that he had imbibed just a little too much before he came up there. And the only way that he would show it was that he would chew gum. And whenever you saw him sitting up there, really chomping on that gum, you'd know that he was a little bit under the influence, and would be sittin' there listening to things with just as much amusement as ever. I can remember my first experience with it. And he was, of course, funnier. He'd come up with more and more remarks that'd have everybody in stitches, and then he'd get back onto the meeting, and he'd sit there again, and listen for a while, and then he'd come up with something, one of these priceless observations of his.

So Lou La Porta came over to me (I think he was chairman then) in a little lull, came over to me, and whispered to me that I'd have to get Bob out of there. [Laughing] Things were going to get worse if [he] stayed in too long. And I, of course, was very friendly with him, and didn't know exactly how to do that. And there was quite a character that always hung around the county commissioners, an

architect by the name of J. Maher Weller, who a book could be written about, also, a great friend of Bob Baskin's. J. Maher made his living just virtually by hanging around Bob's restaurant, picking up what was going on, and picking up commissions, and things that he'd design for the county. He'd use Bob and some of the other people to help him with these things. But J. Maher was generally out in my outer office, so I went and got him, asked him if he could keep Bob in a conversation if I could get him out. And he said *yes*. So I went to Bob, and whispered and told him J. Maher wanted to talk to him. Then, when we got him into my office, J. Maher signaled to me not to leave, to stay there and help him. And [laughing] then we were left flat. We didn't know exactly what to talk about, and Bob was chewin' on his gum, and said, "Well, what do you want to talk about?" And we were at a little bit at a loss. And he kinda wanted to get back into the meeting. But he—this was, of course, not very often—but in the rare cases that it did happen, it was really an experience. And yet, even at these times, he could see what was goin' on. And if there was maneuverings goin' on, or forces, one workin' against another, or internal maneuverings within the commission, commissioners striving to gain a position for their side, Bob could sit there, and I just could feel that, while he didn't have the parliamentary ability, or the ability that Jim Ryan had to block anything of this nature, you could just see him sittin' there observing, and watching it. Later, if you'd go to his restaurant and have a cup of coffee with him, it'd just astound you, the things that he'd tell you, and why somebody wanted something, or the background of what was coming up. And he just seemed to have a complete knowledge of it, and he had his fingers on it. He didn't seem to exactly know what to do about it. He was no crusader. But you just had the feeling that he

was sittin' back, just really getting his kicks out of life by watchin' things move around him.

He did a lot of good for the community when he was on the early city commissions. I think he was probably the one outstanding man in Clark County politics that, again, did many things for the community, and did many things for people in the community, and friends, and people who needed things done for them. I'm sure that anything Bob did for anybody personally was something he felt was right. He had a good sense of moral values. And I don't know of anybody in the community that has accomplished more in this respect, and in my judgment, never received a thing for it, either in favors or anything else. Many people in that position, without violating any laws, would probably have been powerful and influential men in the community, and would have accumulated a lot as a result of it. But he never seemed to want to accumulate anything personally as a result of the things that he knew, or the things that he'd done. I don't know of anybody who took less advantage of his positions, or received less for it in a personal way, than Bob Baskin did. He is still alive. He's been retired, now, for a number of years. His restaurant finally collapsed on him. But I think he's revered, personally, by the people that know him. I think I jumped—excuse me, but I think I jumped an issue there. I was about to explain and got off the track of why he favored the Matthews position when I think I started to say he ran a working man's restaurant. He was making his living in the restaurant business, and he saw he was competing with gambling places in a time when they did use their restaurants for loss leaders. They were serving ham and eggs for forty-nine cents, when anybody knew they had to, even in those days, had to get a dollar, or a dollar and a quarter for them. They would, of course, give a lot of

free food, they would give buffets loaded with food as loss leaders. There's certainly no profit in it. And being in the restaurant business, he had a very, very strong feeling about this. It developed [into] a strong feeling against the gambling industry, and against the gamblers, and Matthews struck a tender spot with him. He just felt they were making lots of money, and that they weren't paying enough to the state. I think that it's been proven many times how wrong Matthews was, and how wrong his motives were. But nevertheless, Bob fell for them completely, for this reason. And he just *knew*, and, as events later proved, even though he was an old-time restaurant man and probably knew the business as well as anybody in the area, it just had to fold on him eventually. And he always blamed the gaming business for that, for giving away free food.

And there was a period, when I was with the gaming commission, when the restaurant people got so upset about this phase of it that they wanted laws or regulations that virtually fixed prices in the restaurant business, because they felt that they were putting 'em out of business. I think this made him [an] easy convert for Matthews. Matthews hung around his restaurant, was able to work on him.

Yet, in no other way did I see him take this feeling out on the industry itself, or try to whipsaw them, as Ryan did, sometimes. He recognized the importance of gaming to the community, he had many, many good friends in the gaming business, and he was a supporter of the gaming industry in every other respect. And you never had that feeling that he was out after 'em on any other basis. But he was just vulnerable in this one instance because of his own personal experience in the restaurant business, and what it had done to him.

Now, that has largely passed away. You see a little of it going on, mostly in some of

[what] you might term the working man's places that'll start running these specials. The gaming industry has gotten out of that, and has gotten into the business where every department is supposed to make money, and certainly, their food is not that much of a bargain any more. It has to make money for the organization, like all of the other departments. And there isn't the same feeling about it as there was then.

I always had the feeling that Bob sensed that he'd gone in a little too far when he supported the original petition, and then later dropped out, and never was active in it. But I'm sure that was his sole reason, and I am sure that, basically, he knew better. He knew that the Matthews petition was not on that sound a ground.

I think it was his health and age, also, that finally took him out of the political arena. A lot of people felt, because of the way that he did these things—I don't know whether I've described it very well—that he wasn't really competent as a county commissioner. But I can assure anybody that he was a good deal more competent than the impression that he might give in later years of his life. He certainly knew the community, and knew what was going on, and I think was responsible for many, many good things that happened to Las Vegas. And he was certainly a most interesting character.

THE NEVADA RESORT ASSOCIATION

The Nevada Resort Association was started in about 1961, or thereabouts, and they hired George Ullom, who was then city manager, to be the first managing director. At the time, I think the goals were somewhat different. There were a different breed of gamblers at that time than we have previously discussed. The new group hadn't yet become very prominent, although I think perhaps Webb had come into the Sahara. As near as I can find out, or remember from the newspapers, and from the original articles of incorporation that were filed, the original idea was the usual, accepted concept of a trade association, improving the public image of the gaming business, which, of course, everyone has always recognized needed improving. And there was no question that it was politically oriented to control campaign donations—at least, that was the general impression that was given at the time, and, of course, did legislative work in the legislature.

I'm sure, at that time, it was built around the one man who, of course, had had quite a wide experience in Las Vegas and in Governor

Sawyer's administration for two or three years in Carson City, a very intelligent man, a man that was very smooth, and handled people exceptionally well, and probably [was] well qualified, at least, on the surface, for that type of a job. I know nothing much about that period of the association, except what happened afterwards, and the fact that George resigned after about two years. He had personal problems, I'm sure, and also, I understand, had some ideas and was associated with some people that were going to make a large investment here, build a place, I believe, at Lake Tahoe. I had been with the county just about one month when Moe Dalitz sent for me, asked me if I'd come and talk to him, offered me the job, said George Ullom was through, and had left, and offered me the job.

I wasn't, at that time, considering anything of that nature. As I explained before, I came down with the county because of my retirement. I tried to explain to him that this defeated my retirement plans, and that I just couldn't consider it. It was a very attractive

offer at that time, a three-year contract, and he finally said, “Well, we can probably get you an annuity that would make up the difference that you might lose in retirement.” But I just wasn’t interested in it, even though it was practically double the salary that I was making with the county. I’d only been with the county not over two months. I, of course, would’ve been extremely embarrassed, after wanting and trying hard to get the job down here, and people helped me get it, and I didn’t really, at that time, figure that I wanted to go onto the other side of the fence, so to speak, and get into this business.

They hired Gabe Vogliatti, who at that particular time was not too interested, himself. Gabe was primarily a writer, and had ideas along that line, and had done some research work for ’em. But Gabe took the position at that time.

I still didn’t have the slightest idea of coming to work for the association, but about three years went by, and as I grew near to my retirement time, Gabe spoke to me at a dinner party we both happened to be attending, and asked me about my plans. I had mentioned the fact that I was getting very close to the time when I had my vested right for a retirement, and had put in the time for my salary base. And Gabe asked me if I would consider coming into the office with him. I passed it off at the time, but later we talked about it. He had some rather expansive plans for the association, and so, finally, I agreed, at the end of my retirement time, when I had my time put in, that I would go with them, under certain conditions. And one was that I wanted no part of any political arrangements, or political candidates, that I didn’t want any part of any campaign contributions, or anything else of that kind. I think Gabe misunderstood me a little. I wasn’t as adamant on the fact that I wouldn’t touch legislative work, or lobbying

of that kind, because I had spent most of my life in close contact with the legislature in one form or another. “But,” he said, “you can come on any basis that you want.” And I did.*

I think, probably, in the early stages, [the association’s] goals and the way it operated depended upon the person that was at the head of it, and their ideas of what should be done. At that particular time, Gabe, of course being a writer, and no different than anyone else who loves their profession, considered writers as the answer to everything. And he felt that he could, with his ability to write (he was almost a genius in this respect, in putting words together graphically, and beautifully, and descriptively) he felt that if he could put this picture over to the public, to put over the good side of these people, which we have all seen—and Gabe had been associated with ’em enough to see this—that if you could make the public see them as we knew them to be, and as they appeared to us—. Maybe we had our rose-tinted glasses on, but nevertheless, this is something I think all of us have felt, that have worked with the people this way. And there was no question that he had the ability to put it into words, but somehow, this could never get off the ground.

Now, he hired Joe Digles about the same time, who had been editor of the *Review-Journal*, a man of tremendous talent. He, also, was a writer, and handled words beautifully, a different type than Gabe, and coming up from the rough-and-tumble of the newspaper business in Las Vegas, naturally, was very knowledgeable about the things that went on around here. And then Gabe brought me in.

*The Resort Hotel Association originally existed in the 1950’s as a loose, informal organization, but had no formal arrangement until 1961.

I don't think, at the time he started talking with me, he had planned on bringing Joe in. I think that was more of a spur-of-the-moment thing, and it was a good, excellent move for the plans that he had in mind. He felt that if he could take his time, and devote his time to writing, and would leave all of the other elements of the association, turn them over to me, this would give him time to get these things over that he wanted to do. As I say, the problem was just getting off the ground. He never seemed to be able to put into words, or have his ideas jell to the point that they could get down. I know he intended to use both Joe and I as a source of information. He worked spasmodically, and being the near genius that he is, he worked as many of them do, temperamentally.

The advent of Joe and I into the office just didn't seem to change things the way that they were intended to. Gabe was not the type of person that could turn anything over to anybody else, and really leave it alone. I am. I work better this way, and always have, on the other side, when things are turned over to me, to let me go, and I produce better. I never did, in my opinion, produce for Gabe, simply because I just don't think that we could work together that way, or that Gabe could work with anybody in that manner.

When I came into the association in the fall of '66, we were facing a legislative session. And this was the time of the Matthews petition. The impact of the Matthews petition was still there. It had been out for perhaps a year or two, and I think I've covered that in my reminiscences here, somewhere. That was ridiculous. It painted an entirely false picture of the industry, and this was exactly what Gabe was trying to correct. However, the restlessness had gone on all over the state, and everybody knew it, that gaming had not had a substantial increase on a state basis for

some time, and anybody that could evaluate the picture at all would know that increase in gaming taxes were inevitable. The question, of course, wasn't *if*; it was *how much*.

Gabe had done some work, and, I think, originally came up with the idea that the state hire qualified, outside accountants, or an accounting firm, well known, able to make a survey of the gaming business, and to make a report to the legislature. This was discussed in Legislative Counsel meetings, and I think, at that time, he was promoting Ernst and Ernst as one of the largest accounting firms in the country. I really don't believe he was promoting it from any basis that he thought they were more favorable, or anything else. I'm sure he just felt they were probably the most outstanding firm. I think he had put out feelers to 'em, and they indicated they would do it. Some firms probably wouldn't do it. And then it came out in the discussions, and in the Legislative Counsel meetings and discussions that were held outside, a trend that is well recognized, and is still true today as it was the day gaming became important to the state of Nevada, that 'most anything the gaming industry supported too religiously was the kiss of death, so to speak. In other words, that was cause suspicion of even a firm the size of Ernst and Ernst, which, probably, at that time, was the largest and best known public accounting firm. They did retain Lybrand, Ross, and Montgomery to do this. They were working on it at the time I came to work for the organization, and we knew we had a rough legislative session ahead of us.

At that time, Gabe had no plans for me getting into this, other than to do research work for them, and to work on the inside of the association. [He] had understood me to say I wanted no part of *anything* that had to do with politics, or with the political situation, and I really didn't mean that. What I did mean

was that I just wasn't going to be a part of handling campaign funds, or anything of that nature, that cast any aspersions at all. As I told him, I'd spent my life in public service, and I'd built up a reputation that I believed in public service, that I wasn't about to change by this association with this group. I'd just spent too long with it, and I wasn't going to get in that position at all. Of course, I didn't know how they handled things, or what they did, but I wasn't going to be any part of it.

And it became more and more evident that the tax increases were in the wind. Bill Galt, at that time, was very active with the Matthews group, and that had me a little upset, because it was so patently unfair. I felt that the gaming people just weren't getting a fair break, or a fair consideration in this manner. And I finally told Gabe that I thought something should be done about it, and I was willing to go to Carson City. I'd do anything I could to see that they got at least a fair deal on this matter. I tried to convince our people that a tax raise was inevitable, and what we should do was to work on the basis of seeing that it was equitable as possible. I wasn't very successful in this, any more than I would be today, because they just don't face things that way. They feel very strongly about it, and it's just out and they just don't want to talk about it, and, "We don't want to pay."

I also found, a little to my surprise, when I got up there in the legislative session, that I was pretty much on my own, even as to being given information, as to what our goal should be, and somebody to check with, and being able to communicate back to the group what was going on up there. I could communicate to Gabe, but it ended right there.

But we did. We went to work on the Lybrand Report.* Now, the Lybrand Report, in my opinion, was an excellent document. It was an excellent study, the way they put it together,

and I said so in the presentation I made to the joint sessions. It was the conclusions drawn from that report that I disagreed with. They put all of these facts together, and then left a choice of the conclusions you could draw from it, depending on what you thought was going to happen in the future. And the upshot of the thing was that they suggested that the gaming industry could bear higher taxes, but that, certainly, the Matthews report was entirely out of line. As one of the chief auditors that was working on the job, said, "Anybody that thinks taxes can be increased or can be paid as Matthews has set forth in his petition has got rocks in their head. It just isn't in the cards."

They had gone through most of the places. They made them fill a quite exhaustive report, and then came personally to check with their own accountants on many things. In assuming how much taxes could be increased, they recognized—and as they said, too, the most difficult and controversial issues that had to be solved before you made this conclusion was how much would costs rise, and how effective would management in controlling the increase in costs? And to what extent will the industry be able to pass on any increase in gaming taxes by reducing odds to the customers, or increasing charges for a hotel, restaurant, bar, and other services? Then, from that point, they assumed alternatives to both of these propositions. They assumed alternatives as to how much costs would increase, and they assumed alternatives as to what extent these hotels could recapture this increase through increase in costs. And then they made charts dependent upon these

**Study of General Fund Revenues of the State of Nevada* (Legislative Counsel Bureau Bulletin No. 68 [1966]).

alternatives, and made some assumptions as to what the increase should be.

They made a study of their returns on invested capital. And in that one, the gaming industry compared very favorably, much to most everybody's surprise. I got a return of the five hundred largest corporations in the country, and it was surprising, the return on equity investments. It compared very favorably with the largest corporations in America. As a matter of fact, many were on the low side. I think they came up with a figure of somewhere around the thirteen percent. IBM, for instance, had twenty-five or thirty percent in the same period. And most of the corporations were in that range (the thirteen percent) or above it.

The three alternatives that they expressed in trying to figure out what was going to happen in the future, and upon which they based the assumption of increase in taxes, was assuming that operating expenses would bear one of three relationships to total gross revenues. The gold level, which they used to describe the first level, which you would assume that expenses would remain at a percentage comparable to that prevailing in the previous two years—in other words, that the relationship of operating expenses to revenue would not increase, would not rise. The green level, with expenses at a percentage slightly higher than those two base years they were studying; and the blue level, with expenses persistently increasing, both absolutely and relatively, and management unsuccessful in holding the line.

In their assumption, they finally leaned to the middle of the blue level, in which they assumed that expenses would only rise slightly, in proportion to gross revenue. And this is where I took violent disagreement with them, and this was what I based our whole case on, as far as I could present it. I did make

that presentation to the senate. I didn't believe that the blue level was a realistic appraisal at all, and, of course, facts have borne that out many times over. There was no question that the trend at that time was that the hotel's expenses were getting more and more out of line, their union problems were increasing, the pressures were heavier. They just couldn't keep them in line. As a matter of fact, no other business was. This was about the start of real inflationary times. It didn't come to a head until a few years later, but it was the start of expenses getting out of line, and out of control.

The key point to this thing is that the odds on the tables is the markup that the gaming operator has. That's his margin of profit. And it is dependent upon the odds that are on that table. Now, an ordinary merchant, when expenses increase, he raises his margin of profit to absorb it—increases his price, thereby increasing his margin of profit. The odds on the gaming table are impractical, if not impossible, to change. They're world-wide. People are used to them. You just don't change the odds on a crap table, or a roulette table, or change the rules on a "Twenty-One" game to make it more favorable to the house. It has never been done. There is a slight variation in this respect in competition, but it just can't be done. So you can't recapture your increase [in] costs by raising your prices or your profit margin. Now, on slot machines, yes. It can be done, except that it's an old truism in the slot machine business—and they found it out a long time ago—that you can't squeeze those odds too tight, or you don't get any players.

The general assumption of the Lybrand report was based upon that green level, assuming that costs and revenue were going to maintain a reasonable proportion to each other. And this was where the assumption came, in which Lybrand said that

the gaming [industry] could stand an increase of twentyfive percent now, and later on, could stand successive increases, providing, of course, that they could recapture their costs. They recognized the fact that you couldn't recapture [costs] in the odds, but they said you can increase hotel rooms, you can increase restaurant prices, you can increase bar prices, and so forth.

This one, we also disagreed with. And the Lybrand report left escape hatches in every assumption that they made. It was well worded and well done in that respect. It wasn't a cop-out, to use a parlance of the trade; it was logical, because in trying to figure out these things, there was always limitations on it, and they were very careful to point out the limitations. But [to] the public [and] the newspapers, the impression of the Lybrand report that came out didn't include all these little things that they very carefully had put in there. They came to the conclusion that this was the way that it went. So, by the time we got to the legislature, as one legislator, and a very influential one, put it, "We'd have to raise your taxes even if we didn't need the money," which, of course, was a little ridiculous assumption, but it was well put. And it was. It was true.

I think the real loophole in the Lybrand report was this assumption they made on the relationship of costs to revenue, because if they had've gone on the other assumption, they were down to where assuming any increase was pretty risky. I felt then, as I do now, that the gaming industry is being pushed pretty hard in the taxes that it pays, and has paid, to the state, the local, and federal governments. I don't know what the limit is that they can pay. I think most Nevadans would like to know what that magical point is, where they can get every penny that they can, without destroying the industry. In other

words, at what point, where does the law of diminishing returns set in? What point do you start killing the goose that laid the golden egg? (Which is an overdrawn example, but a good one.) At what point does it start destroying the industry? I don't know what that point is today, any more than I did then. And I was very frank in telling the legislature in presentations and individually, "Very frankly, I don't know what the point is." The sad part of this type of business is that you don't know what that point is 'till you've passed it, and then, probably, it's too late. You're not going to get reductions. That's a foregone conclusion. And so you just keep pushing it a little closer, and closer, and closer to the limit.

We went into this initial meeting, knowing this is what we were fighting. [William] Galt, who was a great supporter of the Matthews plan, made glorious speeches. Galt reminds me—a personal opinion—he reminds me of George Wallace, and his stand did. He made statements that people wanted to hear, that people liked to hear, and glossed over everything with beautiful generalizations. There was a frantic search for money going on at that time, and, of course, gaming's the first place, naturally, to turn. We saw early in the game that our problem was going to be *how much*.

In the senate, Senator Dodge, was the main proponent of the Lybrand report. He pushed very hard for an increase in gaming taxes, and he set the Lybrand report and the twentyfive percent as the noncompromising point of no return. He just wasn't going to compromise for a cent—anything less than that. And this was, really, the danger of the Lybrand report. But Carl is too intelligent a man, and too smart a man, that he didn't see these loopholes. But I'm sure he believed that this was normal, although he would be the first to admit that he doesn't know very much

about the gaming industry. But he took that as his goal, and he had the Lybrand report to back him up, and he felt the gaming industry could stand it, and that was it.

I worked very closely with Charles Munson, who was then my counterpart in the north; Les Kofoed, who was then president of the northern association; and Maurice Sheppard, who is now president of Harrah's. We all almost worked together as a team because we had a common goal. And we saw that probably the most important thing was how this tax was going to be imposed. And this goes right back to the time that gaming was first legalized, the same argument they had at that time. Do you impose it on a gross percentage? Or do you impose it on a per machine or a per table basis, so that you do not have the regressive effect that a gross revenue tax has?

A gross revenue tax. Probably only the gaming industry could ever stand it, because it imposes an arbitrary five and a half percent on every dollar that you work to increase your revenue, and has no fixed relationship to net, as costs rise faster than revenue. And that's been the history in the past few years of every business, not just the gaming business. Costs are rising—have been rising faster than revenue—even in businesses that have the ability to control revenue by increasing their price or increasing their markup. And so, as it was probably best expressed later—I wished I'd had it at the time—an executive told me that for every dollar of new revenue, their costs rose about a dollar and twenty to a dollar and thirty cents. And he said, "We work to get more and more gross on the books in all departments, but in the gaming division (which is an important one), it costs us a dollar and thirty cents to get every new dollar in increases. And for every new dollar in increase we get, we have to pay five and a

half percent to the state. Now," he said, "our business has increased, but we just have to eat the five and a half percent, and hope that we can make it up by controlling costs in other ways, and better cost controls." (Lybrand pointed this out.) "But it's eating into our net profit." So we could see that the initial argument, *how* you attacked it, was becoming very, very important again.

Bill Harrah, who is a "think machine," in my opinion, had conceived the best answer to this. His answer was to increase the tax on every slot machine by a hundred dollars a year, right straight across the board, all of 'em, the guy that operated five machines, and the guy that operated 3,000, as he did, that operators could recover their costs that much. It would be a very slight increase in costs. And if everybody was up against the same proposition—an increase in costs—you could assume that they would all increase their odds relatively, and keep them in the same proportion as they are now. Whereas you go out in any other way, competition's going to enter into it, and some are going to change, and some aren't, so it's going to make it difficult to recover. But if you just went straight across the board, and everybody was forced to recover another hundred dollars a year out of the slot machine, it just wouldn't affect the business that much, and they could do it.

I think it was an excellent idea. I don't think it would've hurt the industry. Of course, the sympathy all goes out to the small marginal operator, the one that's got a machine in a drugstore, or one or two machines in a little place of business. In my opinion, I don't think that they belong there in the first place. And, as Grant Sawyer said once, "You just can't base your tax philosophy on marginal businesses, on the fact that you may put a marginal business out of [business],

because they're already in trouble before you ever hit 'em, they're not in very good shape, anyway."

The only trouble with it was that—and I think that was pretty evident from the beginning—nobody'd buy it, because it let the big people, presumably, off too easy, although Harrah was proposing a hundred-dollar increase on 3,000 slot machines, which wasn't any mean [amount]. He had more than anybody in the state, so it wasn't any mean amount. But it just didn't fit in with the public's concept, and we knew that, although many of the legislators would've bought it, because they could see the same merits in it. However, that session was just one rigamarole. They worked poor Ed Bowers to death, who was then secretary of the gaming commission. I've been through that; I know what it was like, getting new charts and new propositions. Every legislator that conceived a little different proposition would have 'em work out a theoretical chart to see how much that would raise. And we got to the point, once, when we put this hundred-dollar thing into effect, but when they worked it out [laughing], the Strip got off so easy on it, because the slot machines are not the Strip's basic business. And the Strip got off so easy on it that it was apparent to anybody that looked at it that you just couldn't sell it. So we had to start all over.

The session had gone, I believe, about forty days before I could get our people even into the same room to talk about it. Up to that point, they would just say, "There just can't be any increases, and we're not going to talk." But about that time they began to see that it was inevitable. So from that time on, it was just working one proposition against another, and working one chart against another, and Carl Dodge was very aggressive and very vociferous on it, and he certainly maintained

his position pretty well. In fact, he was doing it practically by himself. I probably have as much respect and admiration for Carl Dodge as I have for any single legislator that ever lived, and also, as a friend. I could appreciate his side, but he just almost single-handedly maintained that position, and kept it going, and you just couldn't budge him. Along towards the end of the session, we finally got him down to twenty percent, when he saw that revenues were coming in, and they had some other measures that were a little better than they thought. He finally agreed to twenty percent.

We made a slight change in the percentage tax. Those that had been in the five percent bracket would be in the five and a half percent bracket. They increased the tax on slot machines a little. They increased the tax on tables on a sliding scale basis, similar to the original one that they put in. And by the time they were through, they came up with the twenty percent increase in the projected amount of revenue that was expected under the old revenue act, which they finally settled for. It was fortunate for the gaming industry that it was settled in that manner, because they didn't have the regressive effect of that five and a half percent tax, which has the elements of destruction in it. I don't say that it's going to destroy the gaming industry, but it has those elements in it, because it's regressive. It's an unrealistic tax. I realize, and I think, basically, the gaming people do, that you're probably not going to get it appealed unless you come up with a complete realignment of revenue. But I have always tried to sell our people on the basis that what we should do is to be darn sure, as we did in that session, that no further increases in the gross come. And any increases that might come should be along other lines that are more closely related to net. I would hope that you could come up with a tax that's

more closely related to net, but saying it is one thing, and figuring one out is another.

I found another thing, and it was so graphically illustrated in all of these various charts that were put out and various schemes. I'd seen it operate before, but it really never made the impression on me that it did during that session. It's very apparent that whenever you try to alter the status quo by changing the impact of the tax, itself, you say it's unfair—any tax that you might reason on is unfair, that you have to redistribute it. And that's a good starting place, and everybody agrees that it is. But when you start redistributing, reallocating anything of that nature, there's always somebody that gains, and somebody that gets hurt. And, of course, the people that get hurt just don't like it, and there's a big noise made. Instinctively, legislators, as they did before, are searching for some source that will give them the increased taxes they need, and yet not hurt anybody. And if you're going to raise equally, exactly equal, you're going to have to keep it in the relationship that it is now. You just can't change it. I grew up in the service station business, and I likened all these charts and compared them to whenever you blow up an inner tube to the point where you had to get enough air in it to find a leak. And some point, all of a sudden, it'd swell out like a balloon. So you'd reach over and grab that point, and squeeze it back to normalcy, and it would squeeze out somewhere else. Then you'd go over and grab that place [gesturing], and you'd merely transfer it somewhere else. And that's what these things all did. Whenever you talked about reallocating or realigning the tax, some place began to swell out on you, so you'd correct that, and you immediately created another one somewhere else.

I found out one thing in that session that I've always remembered, and found out I have a genuine sympathy and feeling for the

gaming industry in this respect (I think I've indicated [this] before, in my experience with the Tax Commission). [It] is: they're good taxpayers. They probably complain less than most any taxpayer I know. They complain loudly to themselves, and the thing that they don't like, they don't like to be singled out. They feel that they have been singled out enough. This industry, today, pays about \$50,000,000 of special taxes. And as I have said many times in various discussions we've had with various bodies on projected increase of taxes, you would find it awfully hard to name a tax that is general in effect, not an earmarked tax, that the gaming industry doesn't pay a full share in.

One of the arguments I used in that session—and I still think is probably one of the best and most illustrative arguments that you can use—I can remember telling some of 'em when they were talking about an income tax, I said, "If you really want to see the reaction of taxpayers, and just how bad, or how horrible, this gaming industry is when they complain about taxes, you propose an income tax in this state, even a corporate income tax. I think you might even better illustrate it if you just proposed a general tax, effective on their money—either that, or a corporate income tax—and impose it on the same basis on everybody, based upon the money they make, the net, and then you sit back and see where the noise comes from. And I will guarantee you that the wailings of the gaming industry will be so plaintive, and so far back, that you won't even hear 'em, because you will have everybody else, from the bankers right on down, coming in here and making more noise than you've ever heard in your life. If the gaming industry is making the money that you think they're making, then maybe we're paying a disproportionate basis of that tax, also. But you'll find out whether

we're making a disproportionate net if you try that experiment." I still believe that it's true. And I have found most of them today wouldn't object that much. If they feel that you need money, and particularly, for education and for schools, it's like motherhood. They're not going to fight it. In fact, I think they're probably a little more susceptible to pleas of this kind. They're willing to bear even a disproportionate share.

But the key to this session was the position that they solidly took on this. In this instance, for once, we had some allies. "If you're going to levy this kind of a tax, an increase upon the gaming industry, then let's increase the sales tax at the same time." And, of course, the legislators reasoned that in reverse, and the word was very plain there, that, "We cannot pass a sales tax until we first tax the gaming industry." So we finally worked it down to a point where it was very well understood that we would pass the increased gaming tax first, and follow it, then, immediately, with the sales tax. Virtually the same people who supported the increase in gaming tax agreed that they would support, then, the increase in the sales tax. This was a political corner they were in, and this is natural. But the gaming industry felt very strongly that way. So once that gaming tax was passed, we all went to work on the sales tax. And, of course, you have the usual objections to the sales tax, so it was pretty tight for awhile. But it did; it came up real quick, and it was close, but they did pass the sales tax thing. As far as the gaming industry was concerned, it took the sting out of it. And anybody that thinks the gaming industry was concerned, it took the sting out of it. And anybody that thinks the gaming industry doesn't get hit by an increase in sales tax better think again, because they pay it in the form of use tax. They pay a lot of money in use taxes to the state of Nevada, and when

that is increased, their tax bill in that respect is increased.

That was a most interesting session, and was the last time that we were faced with a major problem of that nature. We were faced with other ones in the legislature, but, of course, the one that hurts the most, always, is the tax increase.

I think we're getting pretty close again. There may be circumstances that may save us for awhile, but, undoubtedly, we're going to have to face it before long. Again, going back to the point—the thing that most people overlook is that five and a half percent gross is an automatic increase, because every time the revenue increases a dollar, the state gets five and a half percent of it. So as that revenue gross goes up, then gross tax has to go up, too—even though it doesn't go up in relationship. The costs just got to [go up] or you're not going to stay in business. And automatically, the gaming industry pays that five and a half percent every time the gross goes up. And it's an automatic leveler.

Personally, if I could have things just the way I wanted 'em, I'd like to see the tax put in some other manner on them, and this gross even reduced. I know that it isn't in the cards to get off altogether, because you just don't do things like that—at least, without a complete realignment. And we're not going to gain in the long run from that one, probably.

I also learned something on the association's stand on political candidates, and that was the last time we ever had a stand of that nature. The association has, since George Ullom's day (which I'm not familiar with, can only guess) never taken a direct part in candidate contributions, along with my original stand. I don't believe they did in '65. I know they didn't in any time that I was ever associated with em, in line with my original stand. And I never wanted to handle a dollar,

regardless of what the purpose was, that went from us to any candidate, or anything else.

They did try to guess who was going to win. And, of course, the most important thing in supporting candidates, if you're going to come up and back a candidate, is try to figure out who's going to win. And there's nobody that follows this philosophy better than the gaming industry. They don't like to back losers. [Laughing] Of course, it'd be beautiful if you could figure them all out. Gabe and whatever help he had did an excellent job, but that wasn't a hard election to figure who was going to win. There were some wrong guesses, two or three, at least, and I had some awful mad people on my hands in that instance.

And political candidates, too, are somewhat, sometimes, inclined to be ingrates. They may be happy at the time when a contribution is given to 'em, but if they find somebody else that's got a little bit more, why, you'd probably be just as well off if you'd given them nothing, because they're mad at you, and you've made an ingrate. I had some problems with that and I suggested that that be the last time that we have anything to do with that, where the association, itself, had anything to do—. All Gabe did was try to figure out the qualifications of the candidates, figure out who was the likely ones to win, suggest as to who they might back. He didn't handle any of it, to my knowledge, directly. It was all done independently. And indicative of the new breed, and the corporation types, I think it was all handled right off the books, by check, as a political contribution, and left there with a plain record. Now, that's a little different than I understand it was in the old days, but this was one of the agreements.

As I say, it didn't work out too well. We were blamed, and the candidates found out pretty well who they supported, and who they figured would win. And so I suggested

then that we abandon that concept and try to develop some other.

I want to add one thing on that initial legislative session and the part we played in the tax increase bills. In line with Gabe's idea of having an influence on the public image by writing articles that expressed the gaming position, he worked on a series of articles on the subject of tax increase, the ability to pay, and also, in his own talented way, pointed out some of the problems of the gaming industry. He had Joe Digles, who was a writer of talent; and he retained Ed Olsen to come down, who also was a newspaperman, a writer of considerable talent, and who had just left the gaming board in the change of administration, to work on some articles that pointed out the problems and the position of the industry. And they were excellently done, well done. They were expressive. I would just personally have to give them A plus for the way it was done—I mean, in the way that they pointed up the problems. Now, this was done in the right way, that was suited to Gabe's personality and ability. He had two good journeyman writers who could put things forward on the basis of their experience and their contact, and who knew the problems, basically, better than he did.

Gabe was an idea man. He had these ideas, but they were a little bit in the clouds, and it took somebody to pull 'em down, and to get something for him to sink his teeth into. That's no easy task. They performed a yeoman service in that respect. They got him to sitting down to work on these things, then he went through them with this beautiful talent he has of putting words together expressively, and putting them into where they flow, and where they're interesting. And he was able to impart that to these articles. This was illustrative; it was the only time he ever got what I know was his basic theory, and his hope, and his

whole idea of his contribution to the gaming industry, and in the job he held. It was the only time that it ever came out.

There were only two problems with it, practical ones. One, they came out at least six months to a year too late. They came out just as the legislative session was starting, and your motives were showing. I heard an awful lot of comment out of that. [They] liked reading it, and had good comments on it. But basically, by this time, it was a hot issue, and, of course, it was completely obvious that this was the gaming industry's defensive move, putting their position down. Had that been done earlier, before this was that much of a key, where it could have had an influence on public opinion, and in the formation of public opinion on this problem, it would have been beautiful.

Secondly, he put it together, and, of course it came together in a hurry. Ideally, this should've been put out— and I know this was his idea—either through himself, as a columnist, which he had abandoned when he came to work for the industry, so he didn't have a column to express himself through—. But this is something that should've been expressed through a column, or under a by-line, or a research project that's written under a by-line, so that the facts come out smoothly, and it isn't a paid advertisement. But he had to put 'em in as paid ads. And that detracted from it. Now, if that could've been submitted earlier, and could have been introduced to the public through articles in an editorial way, it would've been beautiful. I know this was the idea that he always had in his mind, but this only came out this one time, and never came out before or since in the same way.

But this was his basic approach to the problem. And with the genius that he had, he could think out these things, and I know that he visualized this as the way to save

the gaming industry, and to get its position properly before the public. And this is a real problem, because there's been millions of words written on the gaming industry, but they're inevitably written by competent journalists who—nine out of ten of 'em— have in mind writing something sensational about it, pointing out all the evils of it, and are not interested in the gaming industry's position at all. They're interested in the sensation. Most of it is deleterious.

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While we're discussing legislative matters, we might go into the history of legalizing of corporate gambling, as I remember it. Even in 1967, it became evident that a corporate gaming bill was going to be necessary. We had to pass one, although that wasn't, evidently, the time to do it. The reason for this was that, actually, up to this point, the Nevada law really did not provide for corporations, but corporations were beginning to come into the picture. The Webb outfit was here, Parvin-Dohrmann was in, and then Hughes came in during that session, because that was the year he bought the Desert Inn.

Actually, up to this time, corporations had been operating primarily what you might term a subterfuge. It may have been a legal subterfuge; it may not. It was questionable. And this went back, even, to my time in the gaming control business. The problem was becoming evident. They got around it by creating another partnership to handle the gaming, and running it on a lease basis. Originally, many of the places had three leases. They had a lease from the person who owned the land and put up the building to the people who ran the place, and then a lease from the people who ran the place to the people who ran the gaming. And while most

of them may have been the same people, and it was a fictitious entity, they weren't necessarily the same people. And in this instance, the corporation, for instance, would lease the gaming operation to some of its key people who ran this, and paid so-called rent to the corporate entity that owned it. And the rent was constantly adjusted to approximate or equal the profits that were made from it. So it was a legal, but questionable, subterfuge.

Even as early as this, some of the places that were on the list of the Exchange, such as the Webb Company, and the Parvin-Dohrmann Company, the Golden Nugget, were living in constant terror that some stockholder, minority stockholder, might raise the question that this was illegal, and improper, and so forth, and be quite embarrassing. And yet, it was recognized that in the new era, the new value of the dollar, and the constantly increasing change in the nature of the business to a complete resort complex that required a tremendous investment, that it was beyond the capacity of any individual or corporate individuals to finance a place that required this amount of money. This just almost was the handwriting on the wall. You could see this. And the thing that a lot of people overlooked is that if you could find a group of individuals that could raise the kind of money that was necessary to run an operation of this kind, they probably would be just the individuals you didn't want in the business. (These people are used to taking chances on their money. They invest it this way. The average businessman doesn't.)

Initially, I was so busy with the gaming part, I didn't get into the corporate (I think that was just the point where the bill was introduced) portion of it, but I could see what was coming. Initially, Harrah and his organization fought it vigorously and openly. I think Harrah's objections were well

motivated. I think he felt that you would lose control if you brought in corporations, [lose] control that you might be able to exercise over individuals. And I think he had a deep-seated fear that this might shelter operations of this kind. Bill Harrah is a deep-thinking individual, and he thinks on the long range, and he probably, as well as any individual in this state, realizes that his type of organization is completely dependent upon a public confidence in it, and keeping it relatively clean, as to the people that operate in it. He operates that kind of a business, and he knows that he's going to do better if everyone operates as close as they can to that type of business, and that Nevada would be better off. So I think he was completely—was well motivated in it.

The thing none of us could understand at that time is that the only protection that Harrah had, with an organization of the size that he had (and when you put it altogether, it was the largest gaming organization in the state, beyond a doubt) if he wanted to sell it, it would have to be done under a corporate basis. He couldn't get an individual or a group of individuals that could handle anything of that magnitude. And again, going back to the same reasoning, if he did, they'd be people he wouldn't want to deal with. So it seemed to us that he was kind of biting his nose off to spite his face, but, nevertheless, he was very adamantly opposed to it.

By 1967, it became evident, more and more. Hughes had come in. I couldn't ever figure out how Hughes got licensed the way he did. He actually licensed a corporate structure. Now, I never got any answers to that one, as to exactly how they reconciled Hughes' license to the law at that time. But, of course, by this time, he also had become more active and controversial. People were afraid that he was going to buy out the whole state. And it

became apparent that something was going to have to be done on a corporation act.

By this time, Harrah had evidently—as far as I could see—seen the handwriting on the wall, himself, and realized that, probably, it was inevitable. But he still was very particular about it, and wanted to be sure that all of the built-in protections that could be built in were there. He retained, and probably had retained for some time, a very excellent New York corporate attorney, a man who came out of the SEC, and who knew all of these problems. And he also had a financial advisor, a man who wasn't an attorney, but was an expert. Both of them [were] relatively young men. I sat in meetings with them, and you could immediately see that they were probably the tops in their field, about as good as you could do, because this is the way that Bill Harrah operates. He believes if you—and I understand he tells the employees that—if you can't do it right, don't do it. And so you knew that he got the best talent that he could get to work on this.

We worked on the bill that year. I'm sure that was the year, and spent a lot of time trying to work up something that everybody could live with. We had a number of group meetings—that is, where everybody was represented. This was where I first fixed a maxim in my own mind that I have never changed. My good attorney friends all know about it. In fact, I think they're a little tired of hearing it. But I always start out by saying, "I love attorneys. Some of 'em are my best friends. But I don't care who they are, whether they're my best friends or not, if you get more than two of 'em in a conference, you've got troubles, and you never get anything [laughing] really settled. All you get is a long argument." And I could sure see that working in these conferences that we had. Everybody wanted to get in on the act, and everybody had

their attorneys in on the act, and it was just one long wrangle, trying to put together an act that had some protections built into it. Some people still feel that it has no protection built into it, and there's a lot of controversy about it yet. I accept it as I initially accepted legal gambling, as a fact of life, and I just don't think that this business could—for the amount of money that it takes—could operate without 'em [corporations]. I realize there's some drawbacks to it, but it's a fact of life.

But you try to build in the protection you can, and, of course, now comes the question of when is a stockholder required to be licensed and to be investigated, and so forth? Basically, it became apparent when you first started working with these bills that the SEC regulates corporations probably much stricter and much better than the state of Nevada ever could, and, of course, has the money to hire the necessary experts in that field, although not for the same purpose. They're not particularly interested in the key point that most Nevadans are interested in, this built-in protection. So, always, the most sensitive point in it has been in a publicly traded corporation, what restrictions do you put in the stock certificate, as to who may have to be fingerprinted, investigated, and so forth? People outside of the state don't look upon it in exactly the same way we do. This has always been obvious. They kinda look down their nose at legal gambling. It's immoral. Even [if it's] legal, it's bad, and it's hoodlum-dominated, and so forth. They don't object to holding shares in a corporation that may pay very generous profits that come as a result of legal gambling, if the taint doesn't rub off onto them. I mean, there isn't that taint on the money when it goes through the corporate filter. But if you start to tell them they're going to have to be fingerprinted, and so forth, then, I think there's no question of this.

And you can't very well write in a restrictive clause into the stock certificate of a publicly traded corporation. It isn't practical, 'cause the minute you do—. And then, of course, these conglomerates who have their stock on the market are not at all happy in getting anything in there that might change the public acceptance of their stock, or anything of this nature.

The control of the individuals operating the place has been discussed, and was discussed from the beginning many times, and it's something I think is overestimated, over-exaggerated. A publicly traded corporation, with the laws and the SEC regulations that are upon them, and the laws protecting stockholders that are on them, and the public nature of their meetings, and stockholder meetings, and so forth, are such that, frankly, I don't give a darn. Meyer Lansky or Sam Giancana are the worst you can think of, have got stock. And they can buy stock in a publicly traded corporation. I don't think that makes one darn bit of difference to the state of Nevada, because, in the first place, they're not going to become influential enough to direct the affairs of that corporation unless it becomes very well and publicly known. And when it does, then the state of Nevada can do something about it. And they're probably more sensitive than an individual because their corporate stock is at stake, the value of their stock, and they've got to protect that.

So I don't think it was the same as my original concept of a slot machine, and when we first came up to the difference between a restricted and nonrestricted license. As I used to say, a slot machine doesn't care who owns it. It acts exactly the same if Al Capone owns it or if a bishop of a church owned it. Now, of course, that's a mechanical instrument, but, basically, the same principle, in my opinion, applies. I think the important thing is how

these places are run in the state of Nevada. And, of course, they have protected that by creating a subsidiary corporation, and they do many things in the initial law and in the present law that I don't understand. I don't think anybody, even an attorney, understands it, unless he's a corporate expert.

In this first session, we had Harrah sitting in on the meeting, and ostensibly cooperating with us. We were never entirely sure, those of us that were not associated with him, and had other interests. We were never entirely sure as to how wholehearted his support was. In other words, to put it badly and frankly, we didn't know whether we were getting the business and being submarined in some instances, and whether he was really supporting it that much. We had many meetings in that session of the legislature, and a lot of people in the industry were concerned.

I think one of the unfortunate things about it was that you couldn't publicly point out that most of these corporations were probably operating, if not illegally, on a very questionable basis under the present law. It was a fictitious creation that certainly was open to question, and were jeopardized. Well, of course, they couldn't expose. This chink in their armor for fear somebody might grab it. They're a lot of people that just look for things like that. So I think a lot of the people who were closest to it, and knew it—it wasn't discussed, particularly, [laughing] because it was just something you just didn't discuss that much.

After many long sessions, many attorneys, and people working on it, Parry Thomas from Las Vegas, a banker, and he makes no bones about the fact he's financially interested, either directly or indirectly, in many, many places, and he's one of the first to say that his whole welfare, and future, and that of his bank, is tied to legal gaming, because this is

the dominant business in the state of Nevada. And he recognized that this had to come, and he pushed it very, very hard, and aggressively.

We finally got the bill passed, went down to the last day of the session, and nobody can yet figure out exactly what happened to it, but there was an amendment put through which, evidently, it was finally agreed to by Harrah. The main problem was that most of us had gone home. I know I had, 'cause I knew the session was going on only for a matter of hours. And I think the only one [s] around were the northern people, Harrah's representatives, or people who were associated with him. And there was a slight amendment went to the bill that really threw things into an uproar. And the whole thing hinged around the use of an and or an or, which quite often happens in legislation. And the and got in instead of the or, and by putting it in that way, made it practically impossible for anyone to operate under it.

The act has been amended, I suppose, at every session since, and is workable, and has a lot of people who feel it should never have been passed. But I don't think they're realistic in their approach, although one could agree with them as a matter of just pure theory, that maybe the good old days were better. But it just isn't in the cards, in my opinion. Of course, it takes a corporate attorney to follow these things, and there never will be a complete agreement on a lot of 'em. I know a lot of people don't agree with my philosophy on the thing, in that I discount the danger of bad people getting into a publicly held corporation and being able to control it without it becoming completely evident. One of the problems that probably has never been answered in it, and gets back again to our old dilemma in the case when a lot of the Nevada gamblers were going to Cuba, and that is: suppose a corporation owns

places in Nevada and in other jurisdictions where it's legal, and assume that, in some other jurisdiction, that place is caught cheating, operating a cheating game. Now, what happens? Do you revoke the Nevada place's license because somebody in the Bahamas, or somebody in some other part of the world was cheating the public? Does this make them a corporate cheater? Carry this assumption—and it is an assumption, of course—carry this assumption to any of the well-known chains, and where do you go?

Of course, my personal philosophy, again, has an easy answer to that, but it's one you cannot sell to the public that easy. It gets back to my basic philosophy on the thing, that, really, who owns a gaming place in Nevada is not nearly as important as to how it's run. And if it is well run, and doesn't cheat the public—and they don't have to—and if it is operated in that manner, it's a little comparable, again, to the slot machine. You've got an excellent place, you've got a place that's doing the state good, and everybody else good. And the personal reputation of a person who may be garnering some profits from it just isn't that important. I recognize how the bad name rubs off, particularly if it happens to be a notoriously bad one, and I recognize you have to protect your public image in that extent. My personal philosophy would be, first, to say immediately that gaming is a business, and it's run that way today in these corporations. A man who knows how to run a hotel chain, or the group that knows how to run a hotel chain, or a successful conglomerate operation, probably doesn't know a thing about the gambling business. And they have to hire people experienced in the gaming business, who know how to run it, and know how to defend themselves on it, and know how to run it to make money.

And so they have to leave that up to those people. And the fact that you might have a very bad operation in the pit in a place in the Bahamas, or West Indies, to me, doesn't necessarily mean—or even in probability mean that that automatically tars the Nevada place on the same basis. I don't think it would be grounds, or solid reason, for—. And that particular point has always bothered a lot of people.

I think one of the problems, also, in this—and the Gaming Control Board, and the commission, and the state of Nevada recognizes this, this isn't new, it's just a matter of the intenseness of the problem, the gravity of it. Now, it's very difficult for the state to hire corporate experts, 'cause it's a very lucrative field, and it has few real experts in it to work on the side of the state of Nevada, going into things of this nature. They're going to [be] outdone by high paid experts, and men who know their business on the other side. This came up in the last administration when the attorney general ruled that they (the state) couldn't retain on a fee basis an outstanding corporate firm to represent them in some of these instances. I think it was a mistake. I think it's a professional jealousy in assuming that the attorney general's office is perfectly capable of handling things of this nature. And there have been some problems resulting from this basis. They have got a corporate division, and they hire, I'm sure, reasonably capable people, as capable as they can get. But, still, it's a very narrow field, and a field that few people understand. As one man put it, some of those people may know as much about it as he did about doing a brain transplant, because it is, almost, that much of a special field. Even an attorney will admit that, if he doesn't do work in this field, and isn't a specialist in it, that he's not

too knowledgeable. And I'm sure that is a problem to the state, and probably always will be.* It's, again, a fact of life that you just have to cope with.

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To take up the subject of the relationship of the state with the federal government in their regulation of legalized gambling, the IRS and the FBI, of course, both watched legal gambling in Nevada very closely, and naturally try to maintain a fairly close working relationship with the state officials, because they're closer to it, and they, of course, have information that they need, and vice versa.

I had some experience with both of these agencies when I was in the organization of legal gaming, and learned quite a bit from them and about them. The FBI, of course, is a law enforcement agency, and in this respect, primarily, police work is relative to the backgrounds and records of the people involved; and cooperation with them, as far as the state government is concerned, is essential. Much of the information, of course, is contained in the fingerprint records, which is the only real, single, or central, official source of things of that nature, and is invaluable. I never had the problems with the FBI that I did with the IRS. The FBI sometimes is blamed for things that maybe they are, or aren't, responsible for. And, of course, they're primarily policemen, and they have a typical law enforcement man's attitude, generally speaking. And in the era that I was more closely associated with it, we, of course,

*A comment two years later: They have handled it well, but the Attorney General has obtained legal counsel in private practice on a part-time basis.

were getting all of our candidates out of the illegal gaming fields, and most of them had records of some sort, or at least information that was invaluable to us, and, of course, to them. The FBI does a remarkable job, in my opinion, in a lot of ways.

I think one general impression of the agency is false, and that doesn't take anything away from credit to the agency, itself. But the assumption that an FBI man, or an ex-FBI man, is automatically a super person, carrying all of the romance, and aura of the FBI man, going back to the old days, when they hunted John Dillinger and public enemies—. The FBI has an extremely large organization. It goes by the book, primarily.

I don't have quite the same feeling about the IRS as I do the FBI. It's the IRS, and the Department of Justice associated with them, Department of Justice and the Treasury Department, that carry the seeds of potential trouble for the gaming industry. They carry it in more ways than one. Primarily, the key to the thing is the desire of the IRS to get at the customers of these gaming places, and particularly, of these Strip hotels, to get at the records of the hotel so that they can run down the records of play, and of credit, and money spent, and so forth, by these people, people they're interested in. And this is the key to the problem. Particularly, in this industry, the customers, and the protection of the customer's personal file, or his records, is crucial. There are many things about the gaming industry that we don't like to discuss, that we have to recognize as a part of the business. As I have always said, I start with the fact that legal gaming was selected by the state of Nevada, promoted and encouraged into its primary and basic economy, and we have to recognize that fact and start from there. True enough, it's not a productive business. It capitalizes on human

weakness and human greed. Particularly on the Strip, and in Las Vegas, it's what you—Las Vegas has been termed, many times, a “play town.” People come here to play, and a lot of people come here to play that prefer to be anonymous, for more reasons than one. I'm sure that you can go right down the line from U. S. senators or ambassadors to corporation presidents, and many others, and to people of dubious background, and criminal records, and members of the rackets—they have money to spend, but they have to have these records protected. And the minute that those records, and those credit files, particularly, become available to anybody, then, the seed of destruction is there. And I know that's a strong wording, but it's primarily true. If these things were available to the IRS on an indiscriminate basis, and if a customer knew that his records were going to be just open to anybody, particularly the IRS, or any other agency that wanted to see them, in many instances, he probably could be ruined.

This matter first came to a head some time back, when Nevada was the only place in the world, practically, that had legalized gaming. And today, it's more serious than ever, because people don't have to come to Nevada any longer to gamble. They've got lots of choices. The thing that is very disturbing there, is all of the competition so far, in legal gambling and in places of this kind, are in other countries, to which the laws of the United States do not apply. So consequently, if the government puts the pressure onto this industry, and starts to squeeze it, starts to force these kind of things out of it, [gamblers] can go to other counties that don't have this pressure. If it was a case of where the thing was equal, and everyone was subjected to the same thing, it would be somewhat different. But the gaming business in Las Vegas is just going to lose, if any word gets out that the IRS is going to go

through their records. And as I say, saying that the seeds of destruction are—that is no idle statement.

So far, they have been reasonably successful in stalling this off. The first case, I think, that came to real attention on this was the Desert Inn case of many years ago, in which the IRS agents came in and just stated they wanted to look at all their credit files and their credit cards, and all of the records. (You can call 'em credit cards, whether they're physically a card or not. I don't know. But it's the same thing. They're credit records. And they all have a credit limit.) This ended up primarily the same way as the case I recited with our experiences with the Kefauver committee. The DI took the position they just were *not* going to make their records available for a fishing expedition. And this is what they want. If they come in, and they have records of an individual person, and subpoena those, then, of course, they have that right. As I say, when they go that far and come in, they've probably got quite a bit of information already, and the customer knows that. If they go to the extent of coming in and subpoenaing the records, they know they've got a lot of information already built up on them, so they're not going to get hurt that much. But to let them use it as a fishing expedition, which these government agencies like to do, is something else again.

The DI lost that case in the federal court here, appealed it to the Ninth Circuit, and won it on appeal. The court essentially said this very thing, that if they want to subpoena individual records, there's no question in the law, and they have that right. But if they are just going on a fishing expedition, and using it to build up their files, this is something else.

Now, the problem always has been the fact that—and this has been determined many times—the fact that there are a few people in high federal government circles

that are complete zealots in this respect. They believe, with a great deal more intensity than the average person that you run into that gaming is all evil, is all bad. Anybody that has anything to do with it should be behind bars, that there is no such thing as any honest one, or anybody that's good in it, and they are ordained with a holy mission to destroy it. And this is, again, not really an exaggeration. There are these kind of people high up in government circles that consider this as at least one of their missions. And it's a holy crusade with them, to that extent—I mean, if you use that expression.

Now, I've talked about it a number of times, and heard it discussed by people in the industry, and they all agree that these people are sincere in their belief. You can't question their sincerity. You can't question their motive from that point of view. You may not agree with it, but you can't question it. They work on the theory that they're guilty, guilty of a lot of things they could never prove against them, so anything they can catch 'em with, why, that's just a little bonus point.

The problem, also, with both the FBI, but particularly the IRS, is, they want to use the state and the state records for their own purposes. And this has been a long, constant battle on the part of the gaming industry, and the people who are interested in those things, in every administration that we've had. For instance, the IRS hasn't got the authority to do some of the things that the gaming board has. The IRS laws are not primarily aimed at gaming, where Nevada's laws in this respect are. The state gaming people have almost unlimited authority, and nobody has ever really questioned that point, as a privileged business. But for instance, the IRS hasn't the authority to require a uniform system of accounts, and accounting procedures. They'd love to see it in, designed so that the things are

set out in a manner they can easily put their hands on, and with detail that they would like to have. For instance, they'd like to have, and have always struggled to get, the list of your accounts receivable, who they are, their addresses, and everything else, so that they can go shredding through 'em. They, of course, would like to get into the corporate minutes. I don't know. They may have the power to do that, on direct subpoena. They have a lot of powers that are given to 'em on direct subpoena that they just don't want to use, and in some cases, can't use. They just want it set out where they can get it. They would like to use the gaming board as their Charlie McCarthy, so to speak, so that whenever they want something, they can come to the gaming board, get it through the gaming board, where they don't have to go the rigamarole, themselves. And in that way, they can get the ends that they desire without going through all of the struggle of the means of obtaining it. And also, they'd love very much to get into the counting room, and they've tried a long time. Now, this came up in these skimming cases. Personally, I think it's a moot question. But at one time, they would've just loved to have those records. This was one of the first places where we tightened a little bit, on Rule Six, on the records of the counting, and the counting room. They wanted 'em all available upon request to either the FBI or the IRS, but particularly the IRS.

Every time that a new administration has come into office, the campaign starts again. Generally, there's a new administration in the control board and commission—at least, many new faces, and they start the crusade all over again. They start again, nestling up to the people in that business, trying to get close, saying, "Look, we'll help you, and you help us." I think I've gone into this in my discussion before. Helping the IRS,

particularly, is completely a oneway street. When they want things from you, why, they're really your pals, and they'll cuddle up to you, and they'll wheedle, or work any way they can [for] any of the information they can get. If you want information from them, then they immediately tall back on the law, and say, "Well, we're sorry, but we're prohibited by law from exposing that." And they are. Yet our law says that these things may be made available to the IRS, the FBI, or other government agencies. So when the new administration starts, they start the process all over again.

Generally, a new administration, even though they are people who are old-time Nevadans, the governor, and the people who surround him, generally the gaming business and regulation is somewhat new to them. They always start out with the attitude (a little bit) that this is an evil business, and we've got to keep them at arm's length. And they are quite aloof at the beginning. And this is the period that the IRS steps into the picture and starts giving them their siren song, asking for this and that. And sometimes, it is not immediately apparent, I'm sure, to the new people in the administration, both in the state administration and gaming administration, what their ultimate purpose really is. So you start out on this basis. Invariably, the people in the business find out, as I had, that these are not different people than anybody else. They haven't got horns. Maybe at one time there were this kind of people in the business, but they're not people that immediately sidle up 'em and see if they can stuff their pockets with hundred-dollar bills, or try to lead them astray with bribery or corrupt practices. History bears that out. They begin to find out that it's a business that's Nevada's primary and prime economy, and, to paraphrase an expression (it's a generality, and it is, of course, subject to the weaknesses of any generality) the old

expression, "What's good for General Motors is good for the U.S.A." There's exceptions to it, and it's not complete, but if it's good for legal gambling, it's good for the state of Nevada, because they're pretty synonymous, and their welfare are both pretty synonymous. It generally takes a little time to recognize this, [but] we can go back through the history of our state, and trace it, and it isn't hard to trace.

When [Grant] Sawyer came in, one of the things he was most famous for, for a long time, was his "hang tough" speech, and his instructions to the board. It was a beautiful speech and a beautiful set of instructions. Basically, he spoke with a straight tongue. You can't take exception to what he told them. If you're going to err, you err on the side of the state, you should err on the side of law and order, or however you want to express it. And nobody disputes this. And there's always this little honeymoon period, when everybody's cooperating, they're going to help, and you give ear to these people and their requests. The question is, at a matter of time, that pretty soon, things I've been discussing come out. And Sawyer (it's a matter of history) he came to the point where he finally came out with a blistering indictment of the FBI. But the IRS is [in] the same category, only worse. And they run into these people that I have described, these zealots that are really out, and figure that they have this holy mission, and it scares 'em.

The period of Bobby Kennedy, and the raids that they planned on making on the business, is a part of this picture. It can be covered by people more qualified than I am, 'cause I wasn't in close contact at that time, but they're well known. Ray Abbaticchio, who succeeded me as chairman of the Gaming Control Board, was an FBI man of long training, and I could see that training of his sticking out all over him. But you see, this was the same complex they had, that

things like this had to be handled by raids, like they raided bootleg joints in the old days, Prohibition joints, knocked the door down, came in. And you can't, I believe, treat the legal gaming business that way. If you're going to treat them that way, then you can paraphrase another saying pretty much, "If the state don't trust 'em, who can?" at least to the degree of treating 'em like they were bootleggers or criminals. I know that history has been set down by other people in other places. But it's a part of the picture. Sawyer ended up with this same horror, almost—once you penetrate and you see the motives behind it—that others before and since have done. The Laxalt administration started the same way. I have known Paul Laxalt since he was in high school, and personally, I always thought a lot of him. But I felt, a little bit, like I should at least keep distance, because I worked for these people, and that didn't last long. But anyway, there was that general feeling in his administration when they started: "You've just got to kinda keep 'em at arm's length when you're regulating 'em."

I'm sure that a number of the people in Paul's administration understood the gaming business—I mean, they'd worked with it to understand it. But there was that honeymoon period. And Laxalt made public statements. Of course, he was capitalizing on Sawyer's feud with 'em, and so he made a trip to Washington, and he was going to see J. Edgar [Hoover] personally, and he was going to cement the relationships and was going to repair all this damage that'd been done, which may have appeared to be a worthy cause. I don't know just where the turning point in it was, but you could see that this attitude started to change. His administration began to realize, as others have, that they were being used for their own purposes by these people for things they couldn't get, themselves. And

I know that Laxalt and Frank Johnson, who was chairman of the gaming board at the time, went back to Washington for some conferences with the Justice Department, and with these people in Washington. And they came back scared to death, the same way that others had, because they'd run into some of these zealots. Laxalt told a group of us about it.

He didn't say who they were, but he said there was two, I think, high up in the Justice Department that you could immediately spot, and he said they'd just scare you to death. And if he hadn't changed his mind at that point, that one would sure change him, because he began to see the danger.

As an example, one of the men who's now head of one of these task forces is one of these type of people. I would mention his name, but it escapes me right now. I recognize it when I hear it. He's famous amongst many of our people, representatives. And I was told by one man who had direct experience with it that he made the statement to them just as effectively as I've earlier expressed it, that gambling, that they all ought to be in jail, and that any accountant or lawyer who represented 'em ought to be in jail with 'em. This man is, also, I'm sure, an attorney. Now, here's an attorney who is taught to defend murderers, and that anyone is entitled to counsel. And I make this statement, now, a little broadly because he possibly might not be. My understanding is that most of them are attorneys, that are the heads of these [task] forces. And here's a man that makes a statement that is contrary to any conception of law, and that you don't apply to murderers or hardened criminals. But I know that this is a true statement, because the man that told me I know wouldn't tell me if it wasn't true. And he's wellknown to our people, and to these people that are acquainted with his tactics, and what he has in mind.

I'm sure I've treated this before, the connection, or the so-called connection, between legal gambling and organized crime. Again, they just assume they're directly associated with organized crime. And so it's a difficult situation, because the gaming business is a defensive business. They don't want trouble. They sometimes put up with a lot of things rather than have trouble. Sometimes, they put up with more than they should.

Now, the Stardust case here, of a couple of years ago [January, 1971], is an example of that, although without reviewing the thing—I'm no prepared to be an advocate of that side of the case—I know generally what it was. One of these special task forces, operating through the Justice Department and IRS people here in Las Vegas, just swooped in on the Stardust and took all the records. They took their credit file and their credit cards out by the carload, and they—oh, it was a typical Prohibition raid. They had men walking around with walkie-talkies, and they even got into the token box, the tip box of the employees, and they didn't give 'em any notice, or any time to collect their wits, particularly. They just swooped down on 'em in a typical Prohibition raid. Now, they did get a court order on this thing, and it was based upon an interview with some people on some of their credit slips. The person who answered these questions that were damaging—the way the question was worded—I do remember this much about it—they got an answer out from him that was incriminating in that they asked him if he retained certain records in this case. And he said no. What wasn't brought out was the fact that he didn't handle those records any different than he handled any other. And they just utilized the case to show that there was some hankypank going on, and that part

of these records were withheld for this special case. I remember that as a part of the issue.

Now, it gets down to a technical point, but in the credit records of a casino, they may issue a man a lot of credit at the time he's playing. And this credit is extended to him maybe over a day, or over a period of several days. And they keep a record of this on a generally accepted form, but there's different ways of handling it in different casinos. If a man comes in and pays this off, then, the so-called sales slip is destroyed. He's paid off. It's all a part of a continuous transaction in one period. And now, if he comes in, and he pays a portion of it, then it's carried in the same way, basically, as any other accounts payable is carried. It shows when he's paid and how he's paid it. Actually, in many instances, bets of this kind are convenience bets. A man doesn't want to shovel in his pocket every time he's betting, and he's well known, so he goes ahead and takes his chips out, and settles up with 'em at the end of the time.

The IRS, of course, and the task forces, and the government, generally, would like to have a record of every transaction, every time he's gotten money, how much he got, how much he paid back. They want the whole thing, and it has always been a very distressing thing to 'em, that they can't get this kind of a record. And if it were kept in this manner, then they would have something to shred through. They'd have cause to ask lots of embarrassing questions, it'd just give 'em springboard.

Part of the Stardust case was based upon direct examination of some people, and in one or two instances, people who were really not qualified to answer. But they were able to—actually, the best expression I could make out of it in a generality is they took out of context what they wanted to take, and prepared enough of a case to get a judge to sign this

order. Attorneys looked at it afterwards, and said they thought that it could've been defeated in the beginning, that they could've immediately gone to court on it, staying it, but they didn't operate that fast. And there was an attorney, a very fine attorney, capable, and ethical, knows the gambling business inside out, was willing to take the case, at least, at the point where he came in, and go to court, and get a restraining order to make them give the records back. But, of course, by this time, the damage was done, after they've had those records for twenty-four hours, and they've had chances to photocopy all of 'em. And so the damage was done, and typical of the attitude of a gaming place, they don't want trouble if they can stay out of it, so they just figured the damage was done, and they didn't do anything about it.

Naturally, the concern about it was, "Is this just a forerunner of a lot more that're going to happen the same way? Is this going to be something that they're going to do? Is this going to be a practice?" It wasn't. We, of course, tried to find out, the best we could, what their ideas were from. Anything that we could find out, it wasn't going to be a pattern type of operation. If it ever becomes that way, then I just don't know where the ball would stop.

I just think that it's a tremendously important point to the gaming industry, and to the people of the state that depend on the gaming industry, that this not be allowed to happen. We have tried to tell the state gaming officials many, many times that [we] don't have any real objection to giving them 'most anything in the way of information. In the first place, they know they have to, if they insist upon it, and they're not afraid that much of the state administration. But they're certainly afraid of it getting into the hands of the state

commission, and then, by law, they have to turn it over to these [federal] agencies if they ask for it.

For instance, the Gaming Control Board people feel as though they should have access to these names of these people, and to their credits, and the industry, as far as I know, really doesn't deny this. They have always told 'em, "You can see any records you want to see, but we're not going to give you a list of 'em and their addresses. If there's anybody that you want to see in there, if there's anybody you want to run down, or if you want to look at the list, we'll show you."

Now, the question here gets down to an audit question. The present administration has probably more strong feelings on that than any of them have had. They feel they cannot properly audit accounts in a lot of these gaming places unless they have access to these account receivable. And this is granted. Because there was, at one time, in the old days—they're called markers in the gaming business—in the old days, this could be used, sometimes, as a method of getting money off the top, or as skimming. They'd stick a fictitious marker in, and then later come and clear it out as a loss. There are many ways that it can be handled. And the gaming industry doesn't deny this, that [state auditors] have this right, but they maintain that as long as they do not charge these things off, and if the record of the payment is traceable—and it is, through the cash records—that as long as they don't charge them off, the state isn't that much concerned.

They are generally handled, even in places that carry these things on an accrual basis, they're generally handled so that at the end of the quarter, the money remaining unpaid, they are paying only on what they received in actual cash, the five and a half percent of the money they're likely to receive, and not

money they're carrying on the books that they don't know whether they're going to collect or not. But the records are clear, and they can be traced up to the point of charge-off. Now, if they're charged off, as the federal government does in income tax cases, and as the state can well do, they can ask the question, "Is this a legitimate charge-off? Did you make every effort to collect it? Because we've got an interest in this, the state's got a five and a half percent interest in it. The federal government has got an interest in it to the extent of their tax cut of it." And it's normal procedure to document your records enough to show your collection procedures on these things.

The typical attitude of the people of the industry is that "Once these people have been charged off, once that they've beaten us out of the money, and they're deadbeats, okay, you can have their names. Do anything you want with 'em. We're through with 'em, too! But don't monkey with 'em while they're our customers. The minute that you get on their trail, they're just going to vanish right into thin air." It's true that the gaming industry doesn't depend on these people as much as it used to, but places of this kind can't exist on just wideeyed tourists that are coming to put a few nickels in the machine, and to see what this great, evil place looks like. They've got to have some professional players, and people who follow it.

Another thing that happens in many of these instances— and this is just logic (I don't know of any specific cases, or never have heard it really put up that way, but I know that it happens this way)—is that these people, an awful lot of 'em are big spenders, and they come to Las Vegas, and they may spend thousands of dollars, in shows, sprinkling tips—any way that big spenders can enjoy themselves in Las Vegas. They spread it around. And they've had a grand time for

it. Now, they may come back from Vegas winners. They may not've lost anything from their gambling escapades. They may be able to go back and say, "I won a thousand dollars in Las Vegas." They did. But they may have spent three or four [thousand] while they were here, which is circulated in the economy, and is a part of the gaming economy. It circulates to a lot of people, from the minute they get to the airport, from taxi drivers on up. As one researcher, a college professor, once said, "A dollar spent on the Strip spawns two dollars in the community." They spend money in drugstores, and clothing stores, and all of the rest of the way. So they are indispensable to a sophisticated resort-type operation, and they're the people that really keep it going. There are people in this class that come in, and if they lost some, that's charged off the fund, too. They have a lot of fun losin' it. And they go back, and maybe they've lost a thousand or so.

Now, of course, unfortunately—and these are the things we don't like talk about—there are people who come in and get hurt that shouldn't, that can't afford to get hurt. There are compulsive gamblers who go way over their head, and this is the seamy side of the business that I'm talkin' about. It's there. We can't deny it. We don't like to talk about it, because it does happen. But even conventioners who come to Vegas, some of whom are pretty good sports, or spend pretty well, would be scared away if they saw that the IRS was going to start shredding through those records.

So it's a continual axe that's held over their heads, and it's a continual threat to the industry, and a very scary one. So far, we've gone through all the investigating committees, the Kefauver committee, and the McClellan committee, and all of the rest of 'em, and the skimming hearings, and all of the things that

went on, and come out of them pretty well, certainly, as it's never harmed the industry, or slowed it down. But, of course, the threat is always there.

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Going back to the Nevada Resort Association, I think I covered some of the early history of it, through George Ullom and Gabe Vogliatti. When I came to work for Gabe, the membership was more complete than it had been for a long, long time, but still had only a majority of the places on the Strip, but not all of them as members. Moe Dalitz and Allard Roen, of course, were quite active in all of the affairs of the association, and I think that, basically, the association was Moe Dalitz's idea. I know that he dealt with some pretty well-known, national, people at one time or another, hoping to get them to represent the gaming industry nationally, and on the state and local level. I think he recognized a lot of the troubles that were looming in front of the gaming industry, and felt that they should have somebody nationally that could represent them in Washington and in Carson City. I know, for instance, [Samuel] Yorty, now mayor of Los Angeles, at one time said he was approached to represent them as an attorney. I know another time that Moe talked about getting someone—I believe his name was George Allen—who was well known nationally, and a confidant of presidents, and one thing and another, to represent the gaming industry needed somebody to represent them, and to do things that they couldn't do.

Of course, the nature has changed now, in the corporation era. You've got different type people in it. But in those days, they were primarily gamblers, people who learned to gamble where it was illegal, and who just didn't

feel capable of coping with the other side of the fence, and problems of government, and defending themselves against the things that could happen. They were very articulate in their own way around the cocktail table, or in general bull sessions, very articulate, but that was amongst themselves. If you get 'em out of that background, and into public halls, and dealing with legislatures, city councils, or county commissioners, or nationally, they just pulled into their shell, and just felt completely inadequate to do it. And I think, basically, this is what they had in mind, although it, really, in my opinion, has never worked out that way, simply because they're too great a group of individualists to ever get them to look that far beyond their noses to unite for or against causes that are more general in nature, things that are not specific. They're used to problems that are right under their nose and dealing with 'em all the time. As I say, I think maybe that was the original idea, but it's just never worked out that way.

Besides Moe [Dalitz] and Allard Roen in the Desert Inn, you had Jess Goodman in the Riviera, who was a little different type, just came up as a comptroller of the Riviera, and from the comptroller's job, he went on to become president of it. I don't believe he was basically a gaming man. He was basically a comptroller and accountant, but he knew the gaming business from the many years that he'd worked in it. And he was one of the finest men that I ever knew as an individual. He was a very community-minded man, I think, like many of 'em were that grew up in that community, recognized the needs and the shortcomings of Las Vegas, but he loved Las Vegas. He was a businessman, an entirely different type, but he was one of the mainstays of the association. Again, your main problem with Jess, as it was with all of em, was merely

getting 'em to devote any time to it. They were all always so involved.

The Dunes belonged to the association in those days, and hadn't, until just recently, changed, from Major Riddle, Sid Wyman, and Charlie Rich, that ran the Dunes. And they of course, were people with gaming background. They were the old type.

The Tropicana, through [J.K.] Ike Houssels [Jr.], was quite active in it. And Ike, again, you would have to put more on the side of Jess Goodman. He's a local boy, a West Point graduate, graduate *cum laude* of Stanford law school, practiced here as an attorney for awhile, of course, came in with his father, who had been in the Tropicana, and really was the man that put the Tropicana on its feet. So, basically, Ike never had been a gaming man, as such, or a gambler, not like his father. He hadn't learned the business from the ground up. He was a little bit of a different type from the usual run at that time.

The Stardust was owned by the Desert Inn, and originally represented by the Desert Inn people. I don't believe they ever got Milton Prell to become a part of the association. Milton was a rugged individualist while he ran the Sahara, but as soon as the Webb group came into the picture, they were members of the association, and probably the beginning of what we would now term the corporate management group.

A man by the name of [A. A.] McCollum was their man in charge of their operations in the Sahara and Thunderbird. And he was a good association member. He's the one that, I believe, came up with the idea of supporting the hotel school at the University of Nevada. He was one of the original supporters of it, and probably the most enthusiastic supporter of it. The association sponsored a school of hotel management at the University,

approached the Board of Regents, agreeing to finance the school completely for the first five years of its existence. And the University regents agreed to this, so the hotel program was instituted. And I would say that Allard Roen was a good supporter of that. I would say that McCollum, Allard Roen, and Jess Goodman, and Ike Houssels were really the mainsprings in pushing that plan through.

The Sands was represented generally by Carl Cohen, who was an old-timer in the gambling business, and occasionally by Jack Entratter, who was the entertainment director, and sometimes by Sandy Waterman, who was then associated with them. But that was the old-time gaming group that had started when Jackie Freedman organized it.

Caesar's Palace joined the association while it was still in the process of building, and was, of course, in the early days represented by that great character, Nathan Jacobson. Nate represented Caesar's solely and adequately at that time, when the association was just becoming active. Volumes could be written about him, but he fit in very well with this group, and he was generous in many ways, outspoken. Of course, I think, again, the best description of Nate that I could give: he was a stormy character, a very stormy character, as later events proved, and he well demonstrated then. I think the best description that could be given to him is one that has been given to a number of people, when you say he's one of the few people that you've known that could start a riot in an empty warehouse with nobody there. And he had the same type faculty in the early association meetings. Things could be going along very, very smoothly, and all of a sudden Nate'd get into the act, and it would be just a short time 'til everybody was screaming at each other, and everything there was pandemonium. He had that faculty, and,

of course, he never lost it, as his later career demonstrated. However, Nate was ready to participate in anything such as the hotel school, and certainly never quibbled pennies with me. He was the old type.

The Hacienda, under Judy Bayley, was always an active member. I think Judy enjoyed the position of being the only woman amongst a group of people like this, some of them—of the old-time gambling group. I think she rather enjoyed that, but she was quiet most of the time.

The Alladin was under different ownerships, and was, I believe, a member, but sometimes participated, and sometimes didn't. Oh, Milton Prell took over the Aladdin. He did join as a member then, although he didn't—they didn't participate too actively in things. By this time, Milton's health was failing him, and he was represented by a nephew, who really didn't have very much authority to speak for the organization.

And basically, that was the group. There was eleven of them. Ten of them originally supported the hotel school. And they agreed to underwrite this five-year program on the following basis: 1965-66, they pledged \$15,000, which, really, was just to set it up, get it organized, and start a search for a director of the school, and to get it started. The following year, the budget went up to \$45,000; the third year, it went to \$53,000; the fourth year, it went to \$71,000; the fifth year, it went to \$93,000, as they realized that they gradually would be stepping up the school budget. And during this time, this was the entire budget of the school. The regents agreed at the end of five years to absorb the program and take it into the university system. They underwrote it entirely by special assessment, separate and apart from the dues. The original nine members, and later, Caesar's Palace, on

joining, made the ten that supported it. The Aladdin didn't participate, because they were a smaller place, and were not that active. These people pledged the program, committed it. It was agreed that any new members that joined had the right to either accept or reject it, but they had to accept or reject it at the time they joined. And Caesar's, as I pointed out, did accept it upon joining, and the Aladdin did not. Of course, ownership changed many times, but the places did support it after the change of ownership because it had been committed, and was a part of the program of that particular place. McCollum left shortly after I came to work on the association in 1966, and his place was taken by [Howard P.] Bud James, who was an outstanding executive and a hotel man. He was trained in the hotel field, and not in the gaming business. Bud was one of the best executives I ever was associated with, and, of course, later left the Webb organization to take the presidency of the Sheraton Hotel corporation, where he remains now. He was part of the new breed. But he was very active in taking up where McCollum had left off, and in supporting this program.

I came to work for the association very shortly after the program had been committed, I think just a few months after that. And Gabe turned most of the dealings, associationwise, with the hotels, over to me in this respect. And, of course, the initial part of the program was to get a director. They interviewed a number of people—oh, Dean Johnson of the business school, was very, very active in it, and actually carried on most of the negotiations. I am not sure—I believe Johnson came to McCollum and this group first, with the idea of it. Rex, of course, was at about the end of his career at the University, and I think semi retired. I think he was only working part time, but he was very, very much interested

in this school. And most of the dealings that I had were with Rex.

They set up a committee to work with them in this respect. The problems of getting a director for the school was typical of the problems of, particularly, Las Vegas and of Nevada. Rex would call me in a number of cases and tell me that they had a candidate coming out to interview them. And I am sure that this was what that original \$15,000 was mainly spent for. But they would bring them out here, and quite often would meet with the committee, which, I think, was Allard Roen, McCollum, or—Bud James later, after McCollum left—Jess Goodman, and Ike Houssels. And Rex would start the selling job, I'm sure, by showing them the university, and the school, and so forth, and then we'd try to convince them that Las Vegas was a home community, and that it had more churches per capita than any other place in the nation, and it was really a nice place to live. If his wife was with him, Rex and his wife'd take them to a show, or two or three shows, and show them both sides of the community. Time after time, we'd get interesting prospects, and he'd seem almost talked into it, [then] say, "Well, I'll have to go back and think this over," and then pretty soon, you could see what had happened after they left. They'd get home, and the wife would speak her piece, and say, "You're not gonna take my children to that sin town. I refuse to go. It's the sin capital of the world, and we just aren't going." And then we'd generally get an apologetic reply from the man, that he had thought it over and changed his mind, and that he was not open. This happened on a number of occasions. (I went through it again, when we were trying to select a director for the Convention Center. It's a typical pattern of Las Vegas, and I understand it's a typical pattern of companies that plan on locating in Las Vegas.)

It's a little bit off the subject, but I remember one of 'em telling of a company that wanted to come out to Henderson, a manufacturing company. And they had the plans all made, and practically complete. Their key executives were due to move out, [and] they just had a revolution amongst the wives. They just weren't going to come. This instance, it was told to me, the company moved to Mexico, which is far worse [laughing], but it didn't have the name that Las Vegas has.

The part-time director was Dick Strahlem,* who was an accountant, and he ran the school. He was quite interested in it, in getting it started. He would participate in these meetings, trying to get a professor interested that had background enough to come over and take over the direction of the school. They originally put out a suggested curriculum, and they originally put in there courses on gaming—at least teaching them the background of gaming. I think it was put in mainly because they felt these being gaming places, would expect this, as a part of the curriculum. And almost unanimously, they objected to it, these people that I mentioned. Of course, they were all people who understood this kind of situation, and said, "Don't put it into any of the required part of the curriculum. It should be set up as a school to train hotel executives. If you want to put an optional course in there that let's 'em understand something about gaming, that's all right. But don't put it as a required part of the curriculum because not everybody that comes here's going to plan on spending their life in Las Vegas running a hotel that is associated with gambling." And I gave 'em a lot of credit for that. Basically, they didn't participate in it a lot. I felt the University thought that they should be in on the early planning, but mostly, they just leant their support to whatever the University people would come up with.

This went on for quite a little time. I think Dick directed the school probably [until] the end of the second year, through the second year of its existence, getting the courses started, getting the instruction started. And finally, we came upon the present director and dean of the school, Jerry Vallen, who, in my opinion, was an excellent choice. He was really worth waiting for. He is a very practical man, particularly for a person who's a professor and the dean of the school, very practical. He'd worked in the hotel business, and had a lot of ideas, and a lot of ambition to promote the school, and saw what he might be able to do with it.

I think, basically, the thing that was most evident—and I know Jerry appreciated it—was the fact that it is probably the finest working laboratory in the world. I don't know of any place in the world that has as many first-class, deluxe hotels in a space of a couple of miles, as exist in Las Vegas. And it just is an excellent working laboratory.

Now, Jerry was the first to realize that Vegas differs in many respects from the hotel operation in any other part of the world, and he's taught his students this. He recognizes it, but he doesn't teach it, and hasn't taught it as anything detrimental to Las Vegas, or to the Las Vegas hotels, but merely pointing up that there is a difference. As he's explained to me, for instance, the lobby in the Las Vegas Hotel is different than the lobby in probably any other hotel in the world, because [laughing] gaming people are the most astute people in the world. (And I think some of the others could learn from em.) They just don't believe in wasting a foot of space. And, of course, a lot of that is reflected in the fact that, generally,

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if there's two or three square feet of space, they'll put a slot machine in. They understand, probably better than any businessmen, that they have to put every square foot of space to work. Consequently, you see something that you don't see to the same extent in any other hotel business in the world. They're constantly changing. They're constantly remodeling, moving, shifting around. They know, instinctively, that somethin's wrong, and that if somethin's wrong, they've got to correct. And Jerry appreciates this part of it.

While I'm on this subject, I might point out that these people study the departmental returns, and they're very astute in finding out the minute that there is something wrong, evident by the fact that returns change, or they're not what they should be, or they start to go down. They're right on it. They're going to correct it, and they're going to find out what it is. One of the best examples of that, that I can remember, was when the Fremont Hotel was opened. The bar, then, was where it is now. They had one of the longest bars in the world, I guess. It went practically from one end of the casino to the other. It was a long, long thing, and it had a huge glass mirror behind it, as bars generally have. This huge, beautiful mirror, or series of mirrors—it couldn't've been one, I'm sure—ran the whole length of the bar, which had to be—oh, I would guess fifty or sixty feet, at least, maybe more. And I was told by Eddie Levinson, who's one of the old-timers, and strictly a gambling man, but he knew every facet of every operation, and could sense when there was something wrong with it, that they knew that that bar wasn't doing the business that it should do. He said, "We just weren't getting the return. We knew what we were getting in other departments of the business, we knew what a bar should produce when we had a pit that was producing so much, and we knew there was something

wrong with it. And," he said, "we just knew we had to correct it."

So they started working on it, and their conclusion was that people didn't like to sit at a huge bar like that, and see themselves through there, and then you could look into the mirror and see anybody sitting at the bar all the way down. In other words, you were in a glass house when you sat at that bar, because you could sit at one end of it and look down and see the person, whoever it was [at the other end], and the bar had room for, I'm sure, fifty or more people. So they changed it. They covered it with a background and some pictures, and immediately, the business picked up. And they knew they'd discovered what was wrong with it.

I think gaming people are more conscious of this than any group in the world, and they'll work on anything like this until it's spotted. It may be the wrong gift shop, maybe in the wrong place. And they're not afraid—as a lot of business people are—they're not afraid to completely tear it out [even if] it's very expensive. But, you see, money doesn't mean that much. They know, when they invest money, that it's going to come back to 'em; and where an ordinary businessman might hesitate to spend a lot of money tearing it down, moving it somewhere else, and they still don't know whether they've got the answer, these people will do it. They'll move it. They'll stick slot machines in there. They may even change the front desk location. They'll go into extensive remodeling because they, somewhere along the line, have sensed that there is something that just isn't producing what it should.

Now, this is a diversion, but Jerry realized this, and, as he told me, "For instance, most hotels want a restaurant located where it's accessible to the street, because they want the drop-in business that comes from the street.

They don't want it set back, where a person has to walk through the hotel to find it." And this is one thing that in hotel school operation they teach their students. This doesn't work in Las Vegas. They're not about to make their showrooms and restaurants that accessible to the street. And they don't have to, because, in the first place, the Strip hasn't got that kind of traffic. It's just a different situation.

So Jerry teaches his students this, but he doesn't do it in a detrimental manner, because he, I'm sure, is conscious of the fact that these people do it because this is part of their business, and it's good for them. But he isn't going to teach his students that this is a principle of hotel operation applicable anywhere in the country. It's something that Las Vegas differs in. In other aspects, I think Jerry recognizes that in the housekeeping end, the furnishing of the rooms, the handling of patrons, that this is all a part of the hotel business, and they think that Las Vegas hotels compare favorable with hotels anywhere in the world. His students can learn the basic principles of food—there's no better food dispensing in the world than there is in Las Vegas and in the series of Las Vegas hotels, from food on a mass basis to food on a gourmet basis. They have them all, and I think the students can learn from these hotels the best principles of this operation.

So Jerry has devoted himself very practically to the problem and to his students. The hotels cooperate as much as they can in intern programs, having the students come in on intern programs. I'm sure they fall short, to a degree, in that program, and they fall short in giving them temporary employment, and it's too bad, because it could be just marvelous. I think these hotels would do it if they could, but this is a union problem. Those hotels are, in most respects, particularly in the hotel operation part of it, completely controlled by

the unions and by union contracts that they can't do the things that, maybe, they would do otherwise. Now, the unions, of course, give lip service, or support, to the hotel schools, and they will permit a student to intern in there, but they can't violate the one basic principle that's always been a union principle, that he can't do work that a union man can do. And they're just not about to permit it. So when they do go on, I'm sure there's problems.

I think Jerry has worked with these hotels enough that he's reasonably happy with this. In fact—well, I'm sure he thinks that they could do better, but these students intern in various parts of the hotel, in the housekeeping part, in the food part, beverage part, and all of this end of it. But when it comes to part-time employment, I'm sure they fall short, and I'm sure Jerry would like very much to get more employment. And if they weren't as tightly controlled by the industry as they are, I think maybe they could do better in this respect.

The thing that I feel the strongest about—I can see the potentials of it, [but] I am sure you might have to overcome the modern student a little bit in it, but I can see what a wonderful laboratory it would be if students could go in and work for at least three years, summer, and part-time, right from the ground up. But I'm sure some of the students would object to this because they figure that they're studying to be executives. But if they'd work in a parking lot, for instance, parking cars, they could work, even, as busboys and as waiters; inside, they could work in the housekeeping department, right down on level of where the work is done. And I think they could learn so much from it if it were more available to 'em, and if you could get kids that would do this. Because then, when they become executives, they know how these people think, and how they operate, and I think it would be tremendously valuable to 'em. I think it's one of the sad parts

of the program that we couldn't do better in this respect.

He has done reasonably well in placing graduates, [but] I'm sure would like to do better in that respect. At the end of the five years, when the association was relieved of all obligations that it had contracted to do, then Jerry came to us with a plan, what he called his "margin of excellence" plan. And he asked the association, members, for continuing support of the school to support those things that would not be supported normally in a university budget, because university budgets are like all other governmental budgets. They're tight. Any person working with budgets has to take out programs that he'd like to leave in, solely because there just isn't money enough to go around. And I know, from long experience in budget work, that this happens all of the time. There are things you can't support out of a budget that are basically good. Jerry saw this, so he put up his "margin of excellence" program.

[Consulting papers] In this, he wanted a—I'm sure he wanted an extra visiting faculty member—that is, someone who had a good background, and a good reputation in the hotel field, that'd be willing to come for a semester, or two semesters, to take time out to come to Las Vegas and be visiting faculty member. He wanted some scholarships that the University couldn't provide, some visiting fellowships, and some items of in-service development that a university is traditionally not able to support as much as many of 'em would like, and that is, for instance, for out-of-state travel to meetings and conventions in the hotel business, and things that a normal public budget just can't support. Of course, Jerry is a typical educator, in that he always asks for more than he's going to get—I don't know whether I could say "than he expects to get," but he generally asks for a little more

than is practical. He asked for a four-year commitment, which is natural and proper from his point of view—maybe not from the point of view of the people committing. But it gives him a longer time to plan, and to do these things.

So they set up a committee when he first requested this, at the end of their commitment. Now, they'd come out of a real heavy commitment of \$93,000, and that cost these hotels with a larger membership. I think it cost us close to \$8,000 per hotel to do this. The Riviera had dropped out of membership of the association, but did continue, a little to my surprise, to support the hotel school through its five-year commitment. (I think it was just a year or two years that were left in it, and they finally agreed to go along with it, even though they were no longer members of the association.)

But we appointed a committee, and I took Jerry's requests before them. He also wanted, after the first two years, he wanted to get an increased commitment so that they could work on a publication of the school, I'm sure, to do research, and statistical studies, and so forth. So he added in his request the last two years a considerable, larger amount of money.

Anyway, the upshot of it is it went through the committee, and the association did agree to go along for a supplementary grant for two years. They did make some changes in the program. I think he originally had \$8,500 for scholarships in his requests, and this was about the time that the problems with the Equal Rights Commission were developing. The initial problem, and the first go-around with the Equal Rights Commission, [was] that they were not employing enough minority people. At that particular phase of the problem, they did express it as *minority*, which was lost later on; they abandoned all pretense of *minorities*

and went to *black*. And, of course, the problem in employing minorities is, first and foremost, to get qualified people in there, particularly in the better jobs, the administrative jobs.

So we did request that, in his scholarship budget of \$8,500, that \$7,500 of it would be devoted to minority scholarships, set up under terms agreed to and set out by the association. And that was a part of the program. The balance, of \$21,500, did go into the budget for the things that I have just described, that he asked for in what he called his “margin of excellence.” He had a good concept there, I believe, in that it’s difficult to get an excellence out of a program of this nature that an educator would like to have on the amount of money that’s available. And Jerry just figured that we’d been very cooperative, and it would be an excellent idea, and I think, probably, it was. I think he put it to good use.

So when we set up these programs, we set the scholarships up on a four-year basis, and the balance was a two-year program. So we instituted a program of four years, a scholarship the first year, and then the second year, four years again, which meant that it went over a five-year period that we would agree to put [up] these scholarships—they were to be continuing scholarships. So after the first year, the commitment was raised by \$8,500, and we were committing \$17,000 for the next three years for the scholarships, and then \$8,500 the last year, because, then, the first original group of four years would’ve expired. The balance went to programs as he outlined them. I think they did do a whole lot of good. I think they gave him money in his budget that was very tight, and he made good use of it.

The scholarships were always, and still are, a problem because we saw the handwriting on the wall, so to speak, in this minority problem.

I don’t think we made it as a fixed condition, but as a matter of priority, we wanted priority to black people, and those that lived in the state of Nevada. The hotel business employs a lot of minorities, for instance, Spanish-speaking, Cuban, and so forth—again, in the menial areas, [as] the busboys, and the porters, and things of this area. But to get ’em beyond that, you need some training, and, of course, we set up these scholarships with this in mind, that we’d train some of these minority people to take jobs when we knew the pressured be a good deal heavier than it is now. But the problems were there from the beginning.

In the scholarship program, getting minority people to go into it, and to stay into it, is a problem. And, of course, another thing that always comes up in programs of this nature— and this gets into another subject, but it’s apropos here—is that you don’t want to set up a program that immediately invites everybody from the outside to come in, that’ll crowd out your local people, as in the case of welfare programs, always, if they’re too good. We did want to do something with the problem that we had, [and] make more of them available to the hotels. And Jerry struggled with this, I’m sure. He exhausted the black potential, and went into some of the other minority potential, and I’m sure he still hasn’t given all the scholarships that even were available. They’re not big scholarships. I think they run the equivalent of \$1200, \$1,500 a year, something to take the edge off for the students. There’s a difference—if they live in Las Vegas, then they get their tuition, and books, and things of that nature. If they’re from outside, they get their tuition, and books, and some room and board, too—at least, the basic requirements of room and board. But I’m sure, as time goes on, it will develop better than it’s gone now.

The other element—I think we left one scholarship outside of the minority group, maybe a thousand a year, or something like that. But in this field, the Statler Foundation has set up scholarships, and Jerry has been successful in getting a number of students through that program. And by the rules of the foundation, it has to be submitted by a hotel group such as ours, recommending that the scholarships be given. So he clears them through this office. But he's gotten a number of scholarships of this nature from 'em. The Statler group is evidently having a little bit the same troubles that we're having with minorities, in that getting good candidates is just—there just doesn't seem to be that many of them. At least, they're not hard to get scholarships out of.

We supported that program on that basis for two years, and, of course, we still have a total of three years to go on the scholarship end of it. Jerry requested a renewal of this program last year, and, again, asked for four years, which is perfectly understandable. It gives him four years to plan. And he, of course, would like to've had a little bit more than he was getting. Unfortunately, they didn't approve that part of the program, and dropped it, and, as of now, we're just supporting the scholarship end of it.

The feeling in this regard is understandable, at least, from where I sit, in that there have been so many things that the members have been asked to support, and programs of this type have become so expensive that they felt that it was time that the University assume the full responsibility of their school program, and they didn't think that they should be asked to contribute to it any longer. It's unfortunate, in a way, in that I'm sure it did a lot for the school, and I'm sure Jerry did. Jerry didn't lower his sights at all. I'm sure that he figured that he could put up a school,

because of the advantages he had, equal to Cornell, or to Denver, which I think are the outstanding schools of this type. And I think the main thing they have to overcome there is the prejudice, the Las Vegas prejudice. There are a certain group of people that would just figure nothing good can come out of Las Vegas, period, whether it's a hotel school, or anything else. They just figure it has to rub off.

I have been asked by outside people in this field as to how you can keep students in Las Vegas, with everything that's going on around 'em, keep 'em interested in schoolwork. And I don't know how you answer that, except as any Nevadan would answer it. It's an old and trite subject, and the same answers come up, and you get the same reception. Few people believe it, that you get used to things, and that the tinsel, and the lights, and that part, aren't really that much a part of Las Vegas and the University as people would think it would be. It's possible for people to live normal lives in Las Vegas, as those of us that've lived here a long time have found out. It's very difficult to convince others of it, and I'm sure this is the handicap the school would operate under in getting the national rating that it could obtain, and really could deserve.

Jumping from the hotel school, where we touched upon the minority problems in the hotels, this has quite a history, and has been a source of a great deal of frustration to the hotel industry. First, I believe, again, that they're the subject of prejudice, the prejudice I've just described, that might apply to a university hotel school, or to a business coming in, or anything else, and they are vulnerable to attack. There's just something about the resort industry and the gaming business that sets them up as almost pigeons for attack by any group that wants to reform anything. They just think that this is a good place to start, and it isn't confined

just to the minority problem, but this is the one we're on.

When the state Equal Rights Commission was set up, it wasn't long before they held hearings upon the minority problem in the hotels. At that time, they had, I don't know whether you want to say the grace, or the courtesy, to define it as "minority problem," as minorities are defined in the law. And I know this might give the indication of personal prejudice, which I do not have, or do not feel, except as will come out in the way this thing has developed. I recognized the problem, and recognize the necessity, as I think most of the people in the business who get around to thinking about it, who have time enough, after they've solved their own problems, to think about it, recognize it as a problem that has to be solved.

Now, there never has been a minority problem in Las Vegas, percentage wise. And, of course, this was the first defense that was set up in this equal rights hearing. Of course, you can get lots of charges of discrimination in individual cases. This is inherent in anything that's as deep-rooted, and has as deep feelings as this kind of a problem has. But when you add the Cubans, the Spanish-speaking minorities, and the Orientals, and Far Eastern people, even people from other parts of the world that fit into the definition of minority rank, the hotel industry, percentage wise, always employed a high percentage of minorities. As I remember, when we first went into this, that twenty percent, or thereabouts, of the employees of the hotels were from minority races. And, of course this is much higher than the population ratio.

The first hearing that was given on this was a lot of expense to the association. We, of course, had to defend it with attorneys, and went through long hearings, and I just don't think a fair trial was held. In the first place, the

unions were named as a part of the problem in the first state hearing that was held, and this is true, because the unions are very much a part of minority employment problems. While Nevada is what we call the "right to work" state, for years and years, by agreement, the unions do operate, particularly the culinary [union], which is the main one, and [is] the main source of the problem. When anybody wants help, you send to the union, and tell them how many people you want, and they send 'em to you. Now, if they won't send minority people, the hands of the hotels are sure tied in it. So they're really much a part of this problem. And they were named in the thing, but somewhere along the line—I have my own feelings on this—one of the members of this Equal Rights Commission was a black woman, who worked for the culinary union. We felt—I say "we" as the industry and our attorneys—felt that she should not have sat on a hearing of this nature because of this fact. She should have disqualified herself. As happens many times, our attorneys didn't feel like asking for a disqualification, for reasons that are always obvious, the reason attorneys seldom ask for disqualification of a judge. If you fail, you've got problems, and you may be generating problems in the future. But I can say that we did feel she should've disqualified herself. I can't even remember her name, (Sarah Hughes), but it's a matter of record, so certainly, there was no personalities involved in it.

We felt that we had completely justified the position of the owners through about a year of hearings, as to the employment of people. And for some reason or another, the unions were dropped out of this particular hearing, the state hearing. All of a sudden, the unions just disappear out of it, and the hotels become the center of the problem, and the center of the attack and the criticism. Nothing

was said about the union. That wasn't right, in my opinion.

So they went on, and it was—oh, I guess, almost a year before the hearings were completed, and the report was sent out. It was a split decision. The particular woman I referred to, who worked for the union, had not refrained from voting in it. It would not have been a majority opinion, but with her vote, it was. I think it was three to two, or maybe three—one and one, one abstaining. We had some very dedicated people on that commission (and I respect their dedication) but they were so dedicated that they would not be too objective in the conclusions that they came up with, and I felt that this was the case in one or two instances here.

Obviously, they couldn't find fault with [the] numbers [in] employment, but they did single out the fact that these people were employed on menial jobs. Now, I have my own personal explanation of this. Whether I'm rationalizing or not—I don't think I am. I don't know. But it's my personal reaction, and seems to me to be logical. I don't know whether it's ever been expressed officially, or in any of the hearings that've come up, but the hotel business is a menial job business. It's a service business. And, as a result, the waiters, the waitresses, the porters, the car attendants, the parking attendants, the bartenders, the cocktail waitresses, the maids—a big part of the hotel, a 1,000 or 1,500-room hotel, is devoted to housekeeping. Now, housekeeping departments are basically menial jobs, and there just isn't the same proportion of executive jobs, or "better" jobs, available, and those that are—you have to have qualifications for them.

Another part of the problem is the dealers, who are a group apart from anyplace else in the country. And admittedly, at this time—and this was hit, I'm sure, in the report (I

haven't read it for many years, but I'm sure this was hit in the report)—very few dealers were black people or minority people. Now, there's some minority people in there. But, again, the dealer's profession is just separate and apart from anything that you can outline or describe. It isn't subject to job description in the same manner that personnel departments can describe most other jobs. It's just separate and apart. And it's quite a lot the heart of the industry. Admittedly, there weren't a lot of black dealers. Now, even prior to this time, some of the hotels were trying to train them. They saw the problem coming, and they were trying to train black dealers. But one qualification for a dealer is, basically, they have to be fairly fast-thinking people. Most of 'em came up from the streets, and then as the business developed, they'd learn the business from this end of it. But originally, they were what, in [the] vernacular of the trade, is called "street smart," just the same as a lot of used car dealers came up from "runners" in Los Angeles, or in the area where they lived by their wits and got to know people. And this is a part of the gaming business, and particularly, as it was a few years back. It's developed into more of a science. But they have to have a quality, in my opinion, that's inborn. For instance, I have a good mind for figures, always have had. Accounting has been a background, I have a logical mind, I think fairly fast. But I know that I would make the poorest dealer in the world because I just haven't got that "street smart" qualification, the ability to see when somebody's cheating me, and taking advantage of me, how to protect myself in the clinches, and things of this nature.

As I have described my observation on dealers and their qualifications, I think it becomes obvious that it wasn't easy to fit these people into a dealer training program.

Those that tried to found one very common conception, and not limited to the minority races, by any degree, that the dealer's job doesn't look particularly hard to 'em, handling cards. Many people handle cards, and know how to handle them without being taught, and learning the rules of the game, and dealing. Of course, now, the "Twenty-One" game is much easier to handle than craps, for instance. But nevertheless, "Twenty-One," for instance, seems to be a fairly easy game. And, of course, anybody aspiring to become a dealer, I'm sure, would pick the "Twenty-One" game because it's much easier to do. And, you know, after all, you only have to be able to count to twentyone, but even that becomes a handicap at times. But a lot of people figure that, "My gosh, in a week or so, a person can learn everything there is to learn about dealing." And this was the problem they had. They'd start out with a crew of twenty-five or thirty, or something of that nature. They'd stick with 'em, maybe, for a week, and then they were startin' to look for a dealer's job. They weren't about to sit out the grind. I don't know how long the programs were, but they were several weeks, and then they'd start droppin' off, because they just didn't want to go through the grind. They wanted the jobs, but they didn't want to go through the training that was necessary to do them. And, of course, as I said, it takes a little more than the ability to count to twentyone. They've got to be able to put counting together, and do it fairly rapidly.

And this, of course, is also similar to the problem that Al Bramlett used to explain, as culinary representative, that a lot of people don't think that a waitress's job is hard. But she does have to be able to add up a check, and she has to be able to memorize and know prices, being able to put them up, be able to compute a sales tax on them. As he indicates,

there's just a lot of these people that just can't do that and do it reliably.

So this was the condition we were in when this first equal rights business came up. And, of course, it was apparent that even in the dealer programs, there was very few. Most of the hotels had just one or two; maybe some of 'em might've had three, but this was about as many as they could seem to put together. So we took a pretty hard rap on it, and as I have explained, we made a report to the Equal Rights Commission, in which we outlined what we intended to do in this field, of training minority people. And the minority scholarship program was one facet of it. They promised to institute training programs in other fields, and they were quite sincere in their ideas of doing it. I think that, basically, this industry, probably, more than a great many, has to be kinda forced, or pushed into things of this nature, because they're outside the normal routine. And as I pointed out many times, these people generally solved the problems right under their noses. But I think they recognized that there was a problem. I don't think there was a lot of 'em that went into it because of a zealous or moral commitment to what they were accomplishing, as some of those who were prodding them were. But they recognized the practical side of it.

It is, of course, much easier to put a program like this down on paper than it is to make it work. And I might explain that I, in the association, have never directly been involved in this program. Mr. [William N.] Campbell handles this very capably and well. It's his division, and my observations are given more as an onlooker, or one who has been close enough to it to just watch it work, but not a part of the day-to-day problem. I haven't anywhere near the technical knowledge or the background on this problem that Mr. Campbell has. I think the program did work

slower than (that's my opinion) than we hoped that it would, for, probably, this reason, among others.

Then, about the same time, we came upon another equal rights problem that was also disturbing, and that is the sex discrimination part of it that almost runs parallel to this, and is a part of the same problem. Right at the same time, they were being pressed for sex discrimination, mainly because Las Vegas, unlike Reno, has never permitted women dealers. This is the key to situations of this kind—the way you grow up in an area. Our present position in gambling is due entirely to the way we developed, the way we grew up. You just can't go back and correct mistakes and change things to the way you think they ought to be, simply because it's a part of a growth pattern. They're just not that easy to change. In fact, I know the city of Las Vegas had an ordinance against women dealers. There's a number of facets of that, I'm sure, obvious facets of it; but more important than anything is, it became, like bartending, for instance, known as a man's job, and they just didn't hire [women]. Now, in Reno, Harolds Club started training girl dealers for, basically, I think, a selfish reason. They knew that women were more adept with their hands than men, they could handle cards well, they had a good card sense, and could be trained into being excellent dealers, and they were a lot cheaper to come by, at the time they started, than men dealers were. I think it was essentially a selfish reason that put the old Harolds Club organization into it in the first place. And basically, Reno grew up this way, to where they were accepted as a part of the problem.

There were two or three women who were militant in their feelings, or, at least, in their actions, and who applied for a job as dealers, and were competent, as far as being able to

handle their job. [At] this time we still had what I've termed many times the old gambling group running the businesses. They're very practical, straight-forward people in business, and sometimes don't abide by all the niceties of dealings, and in several places these women applied, they were just bluntly told, "We don't hire women. That's our policy—we've got a policy against it." Well, maybe at the time they were told that, it wasn't so bad, but it wasn't too long before that became a sin in the development of equal rights, both sex and color, and you just didn't say things like that. But they did and promptly put themselves into the hole. Two or three of these women were smart enough to make an issue of it. They documented some of the incautious remarks that were made. These were made, probably, by pit bosses, and people who just weren't bothered at all by protocol, or anything else. They just said what they thought. So consequently, they were building up quite a case against the hotels on this problem.

I told 'em earlier in the game, merely as an observation, that the only [way] they could get anywhere in this problem was to hire a black woman, and then they'd kill two birds with one stone.

But about the same time, this became a problem. They began to be pressed over this. Obviously, at one time, this was something that was perfectly proper—I mean, in years back, nobody thought there was anything wrong in saying, "We don't hire women. We don't believe in it," and they got away with it. But they don't get away with it in modern times, and with modern ideas of equality.

Now, this gets tangled up into two or three basic themes. I've talked with many of them, off the record and on, and in private conversations, and the general impression was, while all of this was going on, was that the bosses were opposed to hiring women.

And that wasn't true at all. The thing that they were mortally scared of was the unions. The dealers was the one place that, even yet, had not been unionized successfully, and many people think it would be almost the end of the gaming industry, as we know it, if they were. They've successfully resisted unionization in this field, and it's about the only one in Vegas that they have kept out of it. And they knew that if they hired women dealers, it would promote union organization. It would stir up the men. The men were all stirred up anyway, saying that they were the breadwinners, and that these women were going to come in and take men out of a job.

Our people were just not that adept at protecting themselves even where they could, because it is not that much administrative-type people. And it was pointed out to 'em—Mr. Campbell did a very marvelous job on this, and he's very well versed in it—that you should point out to the dealers that the purpose of it was not to put anybody out of a job that had a job, but that, as jobs came up, then, a proportionate number should go to females, and minority people should be a part of this hiring program. And, of course, the dealer's problem was a little different than the rest of 'em, because pit bosses, and gaming bosses, that hire dealers, have particular types of people they want. They're individualists. And they train them a certain way, they want 'em to deal a certain way, and they don't all agree on this. And like many other jobs of this type, they don't hesitate for a minute to steal from one another. If they can lure a good man away from another organization, they'll do it.

Another problem in this aspect of it, it looks on paper very easy to say, "Well, now, when you're hiring new people, just hire a proportionate number in this category," the jobs on the Strip were very lucrative jobs.

They were better, they call it, "tokewise." The tips were better, and this is really what they work for in an economy like this. And most of the dealers on the Strip learned their trade downtown, or in small places, where the tokens weren't nearly as good, and take-home money wasn't nearly as good. But they learned their trade there. And, as the saying went, you deal for pennies downtown, and when you come out on the Strip, you're dealing for dollars, or hundreds of dollars, comparatively. It's a bigger game. So they expect them to learn their trade somewhere else than when they come to the Strip to be accomplished dealers. And bosses figure they can get this type of person to come in.

Well, this doesn't fit in with the concept of saying that a certain percentage of 'em have to be females, or a certain percentage of 'em have to be minorities, of all of your new hires. And naturally, they objected a little to this, even though they recognized and tried to meet this in the best way that they could.

Well, I'm sure that both of these programs were not going as well as any of us would've liked to've seen them go, and as a matter of results, weren't moving fast enough. And, I guess, maybe, unless you're prodded, it's easy to lapse, and say, "Well, we'll take care of that problem tomorrow."

I think, first, the federal government got in from the sex discrimination angle, and we had our attorneys negotiating on that one. And in fact, they had the Labor Commissioner in it, and they made a commitment to the Labor Commissioner. We met, and our legal people told us that this is something that you just had to do. It's part of the new concept of business, and you've just got to make up your mind, and whatever arguments you can think against it (and I've already quoted some of 'em), you've just got to go along. You've got to go the other way, and you've got to hire some.

They didn't press them that much, the government didn't. This was the federal Equal Rights Commission. Our attorneys said for us, "Give us some time. We recognize the problem, and we will start to correct it. But you've got to give us some time to get this going."

I think, maybe, it would've gone better than it did had not the—. As periodically happened through the years, the union problem became acute. Organization became intense in some of the places, and this immediately changed them around again. They just were not willing to buck their dealer's opinions, and take the chances of dealer organization, which, to them, probably is the most crucial part of the whole deal, and I would so evaluate it. And they just could not be a part of anything that aided and abetted in any way the dealer organization. So consequently, they lapsed a little, and about this time, I think three women got an attorney and went to court, and sued on this basis, asking damages, and so forth. And, as is usual in a situation of this kind, our attorneys advised them to settle, that they were vulnerable. Many of our places claimed that they hadn't discriminated in not hiring women, that they had dealers on the waiting list that had already been passed and approved, but they just didn't handle it as a matter of record in a way they could substantiate it. I'm sure this may have been a case in many places, but they didn't have the records and the necessary documentary evidence to substantiate it enough in a court.

So, midway in this problem, they settled with these people. [It] finally ended up with just one woman who was left of the [three]. One of them disappeared altogether out of the picture, I think, and another one got a job in one of the hotels that she liked, and she didn't want to go to work as a dealer. I think she was working, probably, as a matter of

crusade, anyway. So she was willing to settle, and they settled with the one woman. Finally, she got a job. For a while, they had to pay her for doing nothing, under agreement, simply because they were not willing to challenge the union organization at that point. They just felt that nothing was more important at this point than solving this union problem, and they weren't about to add any fuel to the fire. So, as has quite often happened with 'em, at considerable expense to themselves, why, they settled the other way to get away from the problem for a while.

Now, I think they have been putting women to work more and more, finally resolved themselves on this point. But for reasons I haven't stopped to analyze or review, it just doesn't seem, since the settlement was made, to've developed into as acute a problem as it once was. It seems to've kind of died away.* But the other problem, the minority problem, is very much with us.

The next step in the program was when the Department of Justice filed suit against all of the hotels, or practically all of them. Now, in this case, at least before they were through, the Department of Justice named at least all the hotels on the Strip, whereas in the state case—I don't think I pointed that out—they didn't. Many of these places, to my opinion, were obviously selected. Some were left off for no reason that I could determine in the original suit of the state. It's just got to indicate there was something going on personally, or some reasons for it. And the government, at least, did name the main hotels that

*But not for long. The ERA brought it back to life now (November, 1975) the Federal Equal Rights Commission—similar to the "consent decree"—signed on blacks.

were involved. They did, before they were through, they had the industry pretty well covered. There was no signs of any personal discrimination in selecting the hotels. But I do believe—and we all, I'm sure, believe, in the industry—that this gaming industry was hand-picked as a pigeon, as a vulnerable spot to work on. I think that, again, it's the prejudice to Nevada and to gaming. And I think back in Washington, they said that this is just a fine place for us to bear down. Let's crack down on 'em. There's a certain group in Washington that want to crack down on the Nevada industry in any manner they can. It's just this basic hostility they have for legalized gambling. I have no doubt that we were selected on this basis, as a result of prejudice, and reflecting the hostility towards the gaming industry. And I would bet that there were many industries that were much bigger violators than the gaming industry.

And incidentally, in this suit, again, the *menial job* was the key to it. We had proved our position with the individual in the first state Equal Rights case, but no one could possibly contest the total number of people employed. Again, it was on the basis of this *menial job*. So the government filed the suit, demanded a consent decree from the industry—in other words, demanded the industry come to an agreement as to what they would do, and the government would file this in the court, and the industry would consent to it, and, of course, it's a matter of court record. And if they violate it in any way, they're in contempt of court.

Basically, what they did, is they segregated all of the employment in the hotels into classifications, and that's rather technical. They put in certain types of office jobs and put in equal type jobs in one classification, and then they'd go up into say, cashier, bookkeeping, machine operator, room clerk,

jobs of this kind in another category, and then you go clear up to top salaried management, clear up into the management field. And the essence of it is that the government demands a proportionate hiring in every one of these groups, all the way up, whether it's in management, or a technical field, or anything else. The experience is the same, as many others have found in getting the government in this particular issue, if you ask the question, "Where are we going to find people qualified in this field?" they say, "That's not our problem. That's yours. You train 'em. We're not even going to discuss with you how to find them, or the fact that you can't find them. You're going to find them. There's just no retreating from this position."

Basically, they set the percentage of jobs in each category that had to be [filled]. Now, they abandoned all pretense of making it a *minority* compliance, as it is in the law, and I don't think has ever been changed. They just came right out and said *black*. These have to be black people, not minority people. If you ask them why, my understanding is that the only answer they give you is, "This is where the problem is. It's where the high feelings are. This is where the problem is, and this problem's got to be solved, and forget the rest of it. They've got to be black people."

So now, they adopt a percentage comparable to the percentage of black people in the work force, or the population, whichever way you want to express it, the figures are slightly different. And, of course, this is the old concept. If there are a given percent blacks on the work force, that percent of your employees have to be black. But now, they're going farther than that and saying, "We don't care. We can point into categories where there's eighteen or twenty percent are black people, but," they say, "those are menial jobs. That doesn't count. You still have to have the

given [percent] all the way up in all of these various classified jobs.” They also provided that, basically, one out of four new hires had to be black people until this percentage is attained. And when this percentage is attained in all categories, then the suit’s dismissed. The suit was filed, as I pointed out, against the unions, as well as the hotels.

In one category, the stagehands, the hirings had to be one and three. And they required training programs in the stagehand program, the culinary program—I mean, specific training programs, in which the union participated. And, of course, the others, I think, were left. Only under generalities was it that you agreed to train people for the jobs. But some of these programs—the dealer’s program—were done under specific terms and under the auspices of an official program. They could do it by themselves, or they could do it as a group, as many of ’em in the association did. But they’re all training dealers for this. I think they’ve been overcoming the problem, for instance, in getting the dealers. But, again, this applies to supervisory positions, and now, you get into a difficult position on it. A box man in a crap game, for instance, or a pit boss, or a gaming boss, or any of these people, are people who are put into that job because of their long experience in the business. They’re able to protect the house, and the house’s money, and it’s a very, very vulnerable spot. And you don’t find people in this position that go to school and learn it. They learned that one from the streets, from dealing with gamblers and human nature, knowing these things.

Also, when they have found a black person they felt could really handle the job, they had two problems. One problem was everybody in the industry was ready to steal ’em [laughing], so that they could be the ones that get the credit for the hiring,

and also, from the problem of the person, themselves. One was just quoted to me recently. They promoted one of these people to box man on the crap table (who are rated as supervisory people, and are not part of the help’s agreements that they have. It isn’t a union, but they have their own programs of sharing tips, in which the management deals with them as a group). And [he] wasn’t on the job very long until he wanted to get back. He decided he made more money where the tokens were good. They’re not interested that much in advancing their position in life, if the money’s better somewhere else.

This problem, I’m sure, it’s kinda unique to this industry, and somewhat to Las Vegas, in that girls who are cocktail waitresses, or even waitresses, going to a boss’s job is a demotion in money, because of what I call the “toke” society that [laughing] we’ve got here, where the tips are liberal and good, and people depend on ’em for a large part of their income. Of course, now, the Internal Revenue’s getting into the picture, beginning to try to get them to report more of their tip, so it’s a constant struggle.

I might sound, in recounting this, that I have some prejudiced feelings on it, and I really haven’t. Like a lot of people in the industry, many of us know that this is a tact of life, and this is something that has to be done. And I think it should be done. And I’ve gotten a little bit in trouble with our people sometimes, ’till finally quit pointing out to ’em, before this thing ever came to a head, that this was a problem that they should recognize. And you constantly fight the argument—and did more so a few years ago than you do now—of the person who says, “I’m not prejudiced. All I ask is qualified people to do the work, and I don’t care whether they’re black, white, green, or purple.” Now, there’s some people that actually feel that way, but

most of them don't make any special effort to correct it. They just sit back and say, "I'll hire these people any time I can find a qualified one." But they're not willing to do anything to help them better their position where you can get more qualified people. This is a problem, in my Opinion, of society. And we, as a part of society, have to recognize it. So I, really, am a little liberal on that end of it, and recognize it. I even pointed out to our people once that it should be considered a little in the nature of insurance. And I still feel that way, to an extent, that somethin' has got to be done, and they need some insurance, and they just shouldn't expect to apply the same standards to these people that they should normally apply. They should be willing to put up with a little bit more because it is a problem in society.

Too many people use this reasoning as a coverup for bigotry. In other words, they really don't believe this, and they use this as a defense, because it's a convenient defense. And probably, if they were ever put to the test, would start demand—instead of, as I feel they should do, demanding less of people out of society, for this reason, that it's a social problem—actually demand more to protect themselves. And I don't think we have any more of that type than any other industry, but there are, of course, some of 'em in there. What I'm trying to point out is: progress hasn't been easy in it. I think the government has been a little arbitrary in their conditions, and I'm sure that, probably, if we had someone that could express their policy, that they probably would admit this. I recognize the fact, and argue that this is the only way it can be done. You've just got to set some arbitrary standards; otherwise, it'll never be done. And this is just typical of all of our problems of a social nature of this kind. It takes, sometimes, going to extremes to come up with a solution.

Some of our people are at the point, almost, to throw up their hands, and I'm sure some of 'em have tried real hard, trying to fulfill this in the upper echelons of the industry, something that just can't happen overnight. I think maybe the government's a little arbitrary in that one, but they certainly have got a tight grip on 'em, and they've got it as a matter of record. But it's going to have a lot more pains yet, I think, before the thing is solved. It's going to be with us for a long time.

I was about to describe the percentage figures. The government may have their reasons for this as a matter of negotiation, but originally, they demanded eighteen percent as the percentage figure to come to in employment. In all these categories, eighteen percent of 'em had to be black. Now, actually, our contention—and I'm sure it's correct, I mean, basically, as a matter of figures—was that less than twelve percent—ten or eleven percent of the population is black people, and between nine and ten percent of the work force. Of course, we argued the blacks in the total work force. And it's given out by the Employment Security Department as being the figure we should work to. And we felt that ten percent was ample. Then to give merit to that stand, the government insisted on eighteen, and they couldn't come up with a justification for it, population wise, work force-wise, or anything else. They merely disputed our figures and said, "Well, your figures aren't right." Essentially, this is what happened, but gave no particular statistical or provable justification for obtaining 'em. As I say, it may have been for negotiation purposes, fixing your sights higher, knowing you'll have to settle for less. We finally settled on twelve which, I'm sure, is on the high side. It certainly isn't on the low side. It's higher than the work force percentage, and I wouldn't be surprised if it was a little bit higher than

the population percentage. But we were forced to it. Essentially, our attorneys told us—and this is, to me, an interesting observation on our social problems, and problems of this nature in dealing with the government—Our attorneys told us that they were not right, legally, in their opinion. They are some of the finest attorneys in the country. They were not right legally, in their opinion. They couldn't win it in a court of law if the trial was based entirely on its merits (legally). But from experience in previous cases, and from the precedent that had built up, the thing you'd better do is to make the best settlement you could, because you couldn't win it if it went to trial. The history had been that the government had won cases that, in their legal opinion, they had no right winning, but they did. And I think it reflects the viewpoint of society, and is our trend, that where, in the mind of the purists in the legal field, for instance, would come up with conclusions that aren't justified, simply from political and social pressures. And I think that's probably true.

We're stuck with a twelve percent figure, and I think they have, I believe it's three years, to accomplish this.

We've been in it about a year now, and the hardest part of it, I'm sure, is still ahead of us. But it is just another reason that this business can't be run like it used to be, nor as efficiently as it used to be.

I might give you a couple of anecdotes that illustrate some of the problems. For instance, the personnel director of one of the places told me—and I know he was quite sincere in it from the way he told me about it—he said, "We have a black boy that we just think the world of." He said, "He's just the nicest boy, and everybody likes him. We all love to see him get ahead." (I don't know, [he] was a porter or a dishwasher, or something, had a

menial job.) And he said, "He's a boy that we just love to push up the ladder. We've spent a lot of time and a lot of money on him, and we tried to make a 'Twenty-One' dealer out of him. Everybody in the place just pushed with him, trying to get him—. But," he said, "there's just one thing that you can't overcome." He said, in the vernacular of the trade, "In order to deal 'Twenty-One', you've got to be able to count up to twenty-one. And," he said, "this boy just couldn't do it. And," he said, "he won't ever be able to do it, no matter how much training you give him, and," he said "We're all just completely sorry about it, because he's the one guy we'd just loved to have advanced." That's one facet of it.

Another one that came up—indicative of the sex discrimination problem—was that one gaming boss, who was very astute in the business, had been in it a long time, pointed up to me, he said he tried to train women dealers. "But," he said, "in our place, it is our policy to have dealers who can deal any of the main games, at least 'Twenty-One', craps, and, of course, can spin a wheel, or do any of these things." (They naturally wouldn't apply that to faro, or chemin de fer, or some game like that, that's more of a specialty.) He says, "It's a rule of the house, and it's a good one. They have to be interchangeable. And," he said, "I've been able to get women 'Twenty-One' dealers, and," he said, "they're good. In fact, they really have some more natural attributes than men have. They make excellent 'TwentyOne' dealers. But they won't deal craps." He says, "Some of 'em are smart enough to deal craps, but," he says, "you know why they won't deal 'em? It's because the constant raking in of money and raking in the dice ruins their fingernails. They're scraping them across this table all the time, and, he says, "you can't get a woman to—to—. She'll come in, but she wants to deal 'Twenty-One', but she just won't have

anything to do with dealing craps.” That’s another anecdote that points out the problem.

Getting into the subject of junkets, which is something that has come to the forefront in the last few years (I’m sure it’s developed mostly in the last three or four years, five years, at the most), and has become quite an important part of the gaming business, particularly in Las Vegas, although it’s becoming more and more evident in other parts of the state, also. A junket, primarily, as it’s been defined many times in attempted regulation, is an entry into the state of Nevada by a group of people, who are brought into the state for the primary purpose of inducing people to come to these hotels and to gamble. And a part of this is that all, or substantially all, of their expenses are “comped,” as the phrase in the industry goes. They’re given to them free, just for the purpose of, as the gambler might say, “getting action on their money.”

I would say there’s two general types. One type has been exploited for many, many years, and that’s been done by a lot of the smaller places in the state, places not located in the center of the action, like Las Vegas or Reno, but many years ago, the operators in Hawthorne, Winnemucca, Searchlight, Ely, Jackpot, places like that, just places on the road that people stopped to eat, or to stay overnight, and gambled as a result of it. Of course, they found out that they could bring special flights, for instance, if people pay their way, and charter a plane, and bring ’em in, give them all of these free “tokens,” so to speak, which is common in all phases of the gaming industry anywhere in Nevada, giving them certificates for a couple of free drinks, or giving them a free meal, and the other things, because people (this was a certain class of people) were just happy, because they got it free, to come in and spend a couple of days

there, and gamble. I assume that, following the law of averages, that more of ’em lost than won, but people of this type were fairly happy with it. They got a lot of excitement, a lot of thrill, and they got something for nothin’.

[That] really isn’t the junket business that I’m trying to describe, but the basis of it is the same, and the basic human attraction is the same. The part I’m describing is the real, professional gamblers who are brought in here by what we term “junketeers,” people who arrange these trips, and who know these people, and who act as a middle man between the hotel and the clientele they have and the people they know, and arrange to bring these people out, for a fee, generally. This is the way it started, at least. They would pay them a fee to bring out, say, fifty people, in an airplane, and to charter the airplane. They had to be known gamblers, and they had to have a line of credit, people that—in other words, as the gamblers say, “[We’re] going to get action on their money.” And this is all a gambler ever asks for is action, and we’ll live with the rest of it.” Some of ’em win, and some of ’em lose. But, again, by the law of averages, year in and year out, more of ’em lose than win, as everybody knows.

These arrangements were made. People would come in and have to satisfy the junketeer of the place that they were willing to risk a credit line of a certain amount of money, \$2,000, or \$5,000, or whatever the figure might be. But these people were really, almost what you might term professionals at the gaming business on the other side of the table. They were *players*. That’s the description that’s used for them. They’re *players*. They like to play, they know the odds, they know the law of averages, but there’s something about the instinct that all people have for gambling, or something for nothing. Lots of very smart people, as most of these people are—they’re

smart, at least, in the gaming sense—just get a thrill out of bucking the games, pitting their own know-how and wits against it, knowing how to play it. And I guess maybe there's something about people of this type—they're people who risk their money freely, gamble it, like the prospectors in the old days. They just spent their whole life figuring that around the corner was going to be that big lode that they were goin' to cash in on. And whether you would analyze it this way or not, a lot of this type of people, the bigger gamblers, just instinctively feel that. They know that maybe they lose oftener than they win. (Some of 'em don't; there are people who actually win at these games.) They're good gamblers, they know the odds, and some people are, in my opinion, naturally, luckier than others.

One very good gaming man told me once that it was what they term the *high rollers*, the big player, that gave them their bad moments. There were times when they thought they were going to get a heart attack from 'em because these people are hard players. They'll go after the whole bankroll if they can. They get a tremendous thrill out of it. And he told me that this type of player won more often than he lost, actually, but that when they lost—. For instance—let's just say for the sake of illustration, a man comes in five times. This type of player'll beat you three out of those five times, and maybe, sometimes, four, or seven out of ten, or some figure of this nature. But when he loses, he loses more money than he does when he wins. I think this is easy to see, the instinctive instinct in most all humans, is when they start losing, they plunge harder to recoup it. When they're winning, the tendency is to get a little bit more cautious and protect what they've won. "So," he said, "in the long run, we might win more money than we lose off of these guys." But actually, some of the smart players don't lose as much as you

might think they do, because the people that lose more in the gaming business, as a whole, are the people that aren't so smart players, that don't know how to take advantage of the odds. Maybe if every customer they had came in and was tough as these guys, they might not make [it]. Some people just gamble for a lark and expect—like I do—expect to lose it [laughing] when they put it into a slot machine.

Now, there's been a lot of problems with [junketing] in the past years, and it's still going on, to a degree. There's all kinds of stories told about these people that come in. There are, of course, some people that are experts in coming in, and not giving them the action of their money, of buying the chips and then not playing. Simply, like one operator in Ely told me, who was running a bus trip in from Salt Lake City, he began to notice—he'd pay their bus expense in, and give 'em a roll of nickels, or something. It was just a short trip. And he finally got to checkin' up, and some of 'em didn't even get any action on it at all. They didn't play anything. And he found there were [laughing] a lot of older people from Salt Lake City, who didn't believe in gambling, anyway, but who came for the free ride, and the roll of nickels, and put the roll of nickels in their pocket, and took the free meal that he gave 'em, or a free drink or two, and then got in the bus, and went home—never spent a nickel! [Laughing.]

There are some who come in [to Vegas] and establish a line of credit that may or may not be a fake line. They may buy a certain number of chips, say, a thousand dollars in chips, whatever the amount is they need to buy, and stick that in their pocket. There's some of 'em that then run around and find out how to pass bad checks, or cash the house chips they bought at some other place, so that the house don't know that they've cashed

them in, cash their money in, run off a few bad checks, and get out with a lot of money. Of course, this is just the sharpies that the people have to look out for. But they get a certain amount of loss from people of this type, which is part of the business.

But basically, these people are people who are players. They like to gamble. And as I have said, I think, in this and every other interview I've ever given on gambling, people just never learned to play or to deal gaming by being bishops of the church. They had to learn it where it was illegal. They had to have, maybe, as the saying goes, a little bit of larceny in their heart. And so, in the first place, the junketeer, as he's called, the guy who puts these trips together, has to know this type of people. He has to know the players. He's got to know the high rollers. And they don't run around in a church society. They're bookies, they're horse players, they're illegal gamblers, some of them. But some of 'em, probably, are gaming because they have tax reasons. They may have money that they can't account for on a tax basis that they want to gamble, or they may want to, as we've known has been done many times in Nevada, particularly— they legitimize the money they have. They're not pillars of society. And the people who can put these things together are that way, too. They didn't get acquainted with these people, and know their credit lines, and know everything else, unless they were workin' on the fringes of—. They wouldn't stand the scrutiny for a gaming license in Nevada, a lot of 'em. And this is a big part of the problem. A lot of those people couldn't meet the standards of a gaming licensee. And the people who deal with 'em know it, but yet, they produce the results. They produce the players, they produce the money. And this has grown into big business. I don't think that a great majority of the people realize just how big it is, in Las

Vegas, particularly. The gaming industry has shown a remarkable capacity to survive lots of obstacles, and they find ways, when one idea or one system no longer works for 'em, they develop others.

There was, for instance, a time, particularly in the wartime period, that I can remember in the industry, when there was lots of black market money, when there was lots of high rolling money. The government hadn't cracked down on 'em as tightly as they do now, and there was a lot more money runnin' around, and it was easier to get. And this started to disappear, and this type of customer started to disappear. The gaming industry has, as I say, the ability to survive by finding out other ways. They're very ingenious people to figure out these things, so the junket is something that developed. And they make money off of it. They have to, or they wouldn't be doing it. People say, "Well, you charter a plane, and you bring them in, you feed 'em, and give 'em rooms, you comp them, and yet you still make money off of 'em?" But they do. And this business has grown, in the last three or four years, to a point where it's accountable for an awful lot of what the gambler terms the "drop." They just drop a lot of money into the gaming business.

Broadly speaking, the drop is what's left of the money they handle. The gambling man knows, for instance, and spends a little on the game, but they say, in some of the games, basically, that he should be able to hold twenty percent of the total amount of money that's risked. In other words, of the money that is bought in chips, and exchanged at the gaming table (risked), twenty percent of that's going to land in the box, in the hole. This is what they end up with. And so they know how much they've got to get, and they know they're going to get this drop from the business, and this runs into the millions, I'd say per month.

Now, basically, this means that it not only finds its way into the industry (paying the help and into the place— it has to make the profit to run the whole business) but there's also other money. It brings other money into the community in the form of salaries, and to suppliers, and to things like this, supporting the economy. There isn't any of 'em come in here and don't spend anything anywhere else. They buy things. They buy things from the drugstore, or from the clothing man, or from businesses of all other types. They spend money here. So it's become an important part of the economy, and I don't think the average person realizes, at this point, just how important it is to them.

Now, not every place goes into this type of business. It takes a know-how. It takes somebody that knows the players, that knows the business, and some places are much more successful at it. Some places haven't gone into it. Others have gone into it rather reluctantly. They'd just as soon not, but it's just a part of the whole business procedure in this type of business. When one source fails, then they have to start looking for somethin' else. That's why I say I think it's one of the most resourceful businesses in the world. They know how to bring in anniversary parties, they bring in golf tournaments, tennis parties, and this goes on and on. They learn by experience how to do this, and how to get these people to love Las Vegas.

Now, there were some problems initially, as there always is in things of this nature, and there's some left. But one of the problems they had that received quite a bit of publicity two or three years ago, was the fact that some of these people who were putting these junkets together, were— you couldn't dismiss them quite as simply as I just did in a generality a while back, by saying they just won't meet the standards of a licensee of the state of Nevada.

Some— a few of 'em—were real characters. As a matter of fact, there was a couple of them that one place innocently got into, and there was no question they were, as near as you can determine, Mafia (which I think is an overused and abused term, but I use it as a generality). They're part of the crime syndicate, or whatever you want to say. But unfortunately, in one or two instances—two that I know of—these people guaranteed credit, and this became quite a problem. And so they would bring these people in and say, "Now, give them so much credit, and we'll guarantee that they pay it." Of course, just looking at it from that facet alone, it was a great deal for the places, but it turned out, in these couple of instances, that these people were *collectors* that used methods that weren't endorsed by any respectable segment of society. In other words, the same old story that's used many, many times—if you didn't pay your bill, you might get a broken arm, or a broken leg. There were a couple in this category, and they immediately got 'em into trouble. And that started quite a bit of drum beating to get some state regulations that controlled it.

The gaming board at that time felt very strongly. They had investigated this, found some of these incidents, [and] felt very strongly that they should be employees of the place. Now, there's a difference between an employee and, for instance, an agent or a person who's just hired on a contractual basis. An employer is responsible to a much greater degree for an employee, someone who is working for him on a full-time basis, than he is for somebody he may have just a casual connection with, or casual contact with. And we finally worked around to the point where we got a regulation we could live with that complied with this (the industry didn't like it too much, but we got down to terms with

it), and this was one of the requirements, that they didn't have to be a full-time employee, but they had to work for only the one place. But some of these people were contractors. They'd go out and sell their services to the highest bidder, or they'd put a group together and then offer it to anybody that'd give them the best deal. And, of course, this wasn't too good for the hotels, because, like anything else, when you start getting these things into bidding, the guy that has to bid for it sometimes gets stuck by being pitted one against another. So we finally agreed that at least they would be employed entirely by one hotel, or a group of hotels, and they couldn't work for anybody else; thought this would overcome some of them.

And we got it to this point, and got it up to the point of regulation in the Gaming Commission, and then the northern operators began to object to it vociferously because they claimed they weren't large enough to maintain the service of one person. They just weren't that big an operation. Some of them, I think, thought that this was a scheme of the Vegas hotels, because they were bigger, to try to freeze them out. But it wasn't. It was to meet the expressed feelings of the Gaming Board and Commission.

The whole problem, of course, gets down to who's going to be responsible for the things that these people do. A licensee, of course, is answerable to the commission. Now, you begin to get into this contractual relationship with a junketeer, and, supposing they do things that would not be tolerated of a licensee who is responsible, [and] the so-called junketeer lives out of state, and this isn't his sole means of livelihood. He does this as a part of the business, so now, who's responsible for what he does? Initially—this was about two years ago—the Gaming Commission finally threw up their hands

and merely strengthened the clause in their regulations, holding the licensee responsible for acts of their agents or employees, and let it go at that. And just recently, the last few months, it's come back into action again, and the Gaming Commission is trying to get some sort of regulation again.

The federal government got into the act (the Department of Justice). We have to assume it was for the Bureau of Internal Revenue division. They would love to have every record of every person that wins any amount of money that's substantial enough for them to look at, so they can run it down, and start harrassing them in other parts of the country, finding out what they did with the money, or how much they won, and if they're paying taxes on it, and so forth. This is a constant battle. The federal government felt that in some instances, the junkets were—money was being withheld, that they didn't get their cut on it—in other words, skimmed. And so they have demanded, I think, more action on the part of the state in trying to put this thing under regulation.

Basically, the struggle is still going on. The regulation is pending right now. I think it's coming up this month to be settled. Basically, the industry has been able to pretty much come to an agreement with the regulatory authorities, in that they admit they don't object to supervision, they don't object to regulation of these people, they don't feel that the junketeer should be subject to the same scrutiny that a licensee is. But obviously, many of 'em can't meet it. But they're willing to be reasonably responsible for what a junketeer does in connection with his job, his contract with his job, of putting up a junket, bringing 'em out there, seeing that the people get a square deal, and that he doesn't use any undue collecting processes. They're willing to concede all of this, and concede to regulation

to It. They're *not* willing to be responsible for the acts of the junketeer, period. In other words, he may do many other things in his own community, and he's a person who has more exposure to things of this nature. And, of course, the arguments go on and on, forever. For instance, one of the racketeers in Hawaii that was found in the trunk of a car (his body was found there) it was immediately pointed out that he booked junkets into Las Vegas. Well, he was involved, admittedly, in many rackets in Honolulu and in Hawaii, and considered a part of that group that had many, many things going.

Now, the fact that he booked a junket into Las Vegas doesn't mean—according to the viewpoint of the gaming operator—doesn't mean that it had anything to do with his activities. But it always leaves that susceptibility, that vulnerability, and when he says, "Oh, that's the reason for it." Well, of course, there's never been any proof that it was. So this is really the struggle.

Originally, the gaming board held out and said, "You shall be responsible for the acts of the junket operator, period, and we're going to go back to you," which is the basic theory of gaming control. "We're going to go back to you, and hold you responsible for it, and put any disciplinary action on you, if he does anything wrong."

And as I say, they argue back, "Supposing he kills his wife, or beats his wife? We can't be responsible for that. We can't even be responsible for the fact that he might turn out to be a bad guy. We will be responsible" (and this is another point that's still being negotiated between 'em) "if you show us he's a bad guy, 'cause we may not know it, either." And, of course, this is part of the risk of the business, and it's inherent in it. "If you find anything in his background that is wrong, and you tell us, 'That's a bad guy. We're going

to hold you responsible for anything he does,' we'll go with you on that. We'll either let him go, or we'll be responsible for him from then on. But how are we going to know until we get to that point?" And this is the whole problem right now, and will be solved one way or the other, I'm sure, by a regulation that's due to be passed. But this is the crux of the whole thing as to what is reasonable responsibility for 'em.

I'm sure there's a lot of people in the gaming industry that wish they could do without junkets, because they are a source of some concern and problems to 'em. But it's part of the business. It's something that's developed and they figure they can't do without, and so they just feel that any restrictions that are put on 'em ought to be reasonable. And they are the first to admit that the thing that probably is kicked back and forth between the commission and the licensees is the argument over who knows when this is a bad guy. The Gaming Commission argues, "We may not know he's a bad guy. It's your job to find out."

Our people argue back, and say, "Look, you've got all the facility. You've got access to things we haven't got. You've got police records, you got FBI prints, you've got investigative agencies—you've got all of these things that we haven't. And if you don't know he's a bad guy, how can we?"

And they just say, "Well, you know darn well that you can." Well, in some instances, I'm sure that may be true. But there's a lot of 'em where they don't. And this is just the point that's being kicked back and forth between 'em, and has to be solved.

Now, here's another point, and I don't know whether I brought it out. A while back, fifteen years ago, or when I was in the business, Nevada was probably the only place in the world where you could gamble legally. So we had, so to speak, a monopoly. And today, we haven't. They've got gambling in

the Bahamas, and Aruba, and in London, in Yugoslavia, in Greece, and more and more places are coming all the time. And now, we're getting to the point where our own states are talking about going into the gaming business. So if we operate—for instance, in junkets—under a regulation that's so restrictive that we can't compete against those places that aren't under these restrictions, they're going to take the business away from us.

The gaming business, or the gambler, is the same the world over. He's a particular type of person, but he's not an individual with Nevada. They exist all over the world, all over the country. They operate, to a degree—I mean, not without respect to regulation, but the basic principles of the business are the same, whether they're carried on here, or in Aruba, or London. They have varying degrees of restriction on them. So a junket operator who's putting together a junket isn't dependent on Nevada as his source of business. He can pit Nevada operators against a foreign operator, and if the foreign operator gives him a better deal, he'll go there. So if we operate under very restrictive terms that tend to restrict junkets, they're just going to go somewhere else. And that's the problem that we're operating under, and that we want to solve, so as not to kill it entirely, and still be able to put it under reasonable regulation.

While I'm on that subject, I'll point up another one that's similar, and that is pending right now, and that is a regulation on what we term the black book. Everyone in Nevada, I'm sure, is familiar with the fact that, many years ago, the Gaming Control Board put out a black book in which certain people of known ill repute, and notoriety, and as bad guys, that they could prove and knew they didn't want in Nevada, were *persona non grata*. And the operators were warned not to cater to 'em, and not to bring 'em in, and they weren't to

be allowed in any of these places. That, of course, went through the federal court, at least on the lower level. And, of course, this was a notorious person that was involved in the case, and the state won the case, even though there are grave doubts by legal people that, basically, legally, it's an infringement on a constitutional right, to say that you can bar a man from a place of business because of his ill repute. I've been told by some very good attorneys, including some who were on the state's side in that particular end of it, that if it was anyone else but a person of that bad a repute, and any other industry but the gaming industry of Nevada involved in it, that the decision would've gone the other way. They would've ruled that it was an infringement of constitutional rights. But as one attorney said, "No court is going to come up on a hoodlum as well-known as this one and extend the protection of the courts to him."

So we got that precedent. I see, now, they're trying to bring it back into regulatory form for administrative reasons. They think a regulation is necessary. And basically, the gaming industry has no place in protecting any of the so-called candidates of the *black book*. If the control board wants to determine that some of these people are bad guys, and give the orders to the industry, "They're *persona non grata*," that's fine. But again, the argument gets down to identically the same argument that has gone on in the gaming industry. The gaming authorities just want to, *carte blanche*, make the licensee responsible if they find that one of these people—once they put him in the *black book*—are in his place. And my example of that—and I think it's perfectly reasonable [to] anybody who's been into Harrah's Club on a Saturday night at Lake Tahoe, where there's thousands of people milling through that place, how are the employees, who are security men and who

are room clerks, or bell boys, or something else, who aren't hired for the fact that they're intellectual to the highest degree, or they're not investigative authorities—how are they going to be able to identify somebody from a picture of a typical mug shot, maybe twenty years older and fifty pounds heavier [now]? How are you going to hold the licensee responsible for a man that may be wandering among thousands of people? He could be lost in there, and they would never know him. So, again, the argument is not against the fact that—. If we recognize the guy, we'll bar him. And if you can prove that we recognized him and didn't bar him, why, then, come on with your disciplinarian action. We're vulnerable. But we're not going to take responsibilities for screening the thousands of people that come through that front door.

And then there's another factor involved in it that's very important, and that's a basic, well recognized principle of law. Regulatory authorities, people who have police power, have immunity from civil prosecution because of taking action against a person in the line of duty, whereas a gaming operator does not have that immunity. And if the gaming people told him to throw somebody out of the place, that he was a bad guy—supposing they did? Supposing it turned out that the gaming people were wrong? He wasn't quite as bad a guy as they said he was, or they couldn't prove that he was a bad guy. Now, it's the *licensee* that's subject to the civil suit, not the gaming authorities, because they did it in the line of their duty. And so now, the licensee would be subject to a suit for false arrest, or for rejecting a person, and subject to long, not only embarrassing, but theoretically, a costly suit.

Supposing, again—assuming they overcome the handicaps of the twenty years and fifty pounds, they make a false

identification, and attempt to throw somebody out that they think is this person, and it turns out they're not. It's not the gaming authorities [laughing] that get sued, it's the licensee. So there's a distinct legal question of whether the gaming authorities [laughing] that get sued, it's the licensee. So there's a distinct legal question of whether the gaming authorities can require a licensee to do something that they have immunity for, and the licensee doesn't.

I think we've finally gotten to the point where the control authorities recognize this. But even people like this, who—this is their business; they're professionals in the regulatory business, and they're investigators, and control board, and so forth—things aren't quite as simple as it appears to be by just setting them down in a regulation. It's one thing to put it down in writing, and it obviously accomplishes the thing you want to do, but it isn't near that simple, when you get scrutiny of people who know the other side of the fence, and know what their problems are.

So that's another phase of the same problem that's current, but it, I think, pretty well illustrates the vulnerability of the gaming industry, and how their problems probably are not understood by most of the people. As long as I've been associated with it, there's many of these things have to be pointed out to me by our own people, and then they're obvious. But you just don't think of 'em until somebody that knows the business, and knows what the problems are, point [it] out to you.

Going into labor problems, and labor relations of the industry—oh, I did go into it a little bit, didn't I? While I'm sure a number of people share [my] viewpoint, or at least feel the same way, I have to express it primarily as my own view of what's happened, and what the problem is, and maybe the reason we're in the position we are today. It's a personal

viewpoint, but I'm sure at least many facets of it would be pretty much concurred in by 'most everyone involved.

Of course, again, we go back to the type of people that we had running these places. I've defended 'em many times, I think, in this discourse, as well as in many others. But they were gamblers. Gambling was their prime business. And in those earlier days, as we all know, gambling was making the money for all the departments and for the business. They could make money on gambling; they made enough on it [so] that what the other departments made on rooms, or restaurant, or the shows, just was inconsequential. And at that time, as I pointed out, they had a monopoly on the gaming business practically of the world. The legal gaming business had no real competition in it. The high rollers were still pretty much in evidence. In the heyday of this business, of this particular era of it, when you said high roller, I'm sure you weren't talking about the guy that had \$10,000, or \$20,000 to lose. You were talkin' about the people that gambled and lost and won \$50,000 or \$100,000, or figures of this kind. (They've pretty well gone almost the trail of the dinosaur.) I'm sure the gaming people here had things pretty much their own way, and they had the customers, so, consequently, they just operated on a much more liberal basis than they've had to since.

Consequently, they were pigeons for a hard-headed, dedicated labor man, to wring benefits off for the people he represented.

Another subject, but equally important, they were pigeons for the star entertainer who had a hard-headed business agent, who continued to wring more and more out of them in paying for the starts. This is another reason for why we're in the position we're in today. There was a period when the stars gradually went up from \$10,000 a week to

\$20,000 a week to \$50,000 a week, and Lord knows where they are now! They got to be a game merely for notoriety, if nothing else, or what an entertainer wanted to be able to wring out of them, the press releases that he was the highest paid entertainer to ever come to Vegas. It wasn't the money as much that he was after. I'm sure his agent was. But they did, they had entertainers playing Vegas that would demand \$10,000 a week—this was way back. They would demand \$10,000 a week for playing in Vegas, and would go right up to Reno and play for \$3,000 for the same period and the same show, simply because Vegas was a pigeon for 'em. It brought a condition upon them that they've had to live with the rest of their lives, and they're living with it now. And it's one of the things that's been hard on 'em. But it's like getting that old proverbial bear by the tail—once they got into it, they just never got loose of it. And so, consequently, they've had to live with it.

Labor's the same way. I merely brought that out to [show] the comparison.

In those days, they had hard-headed, dedicated labor agents who were skilled at obtaining benefits for their people, and who saw the prospects in this business here in Las Vegas. So as labor generally does, they don't start out quite so tough. Each negotiation period, they get a little tougher, they wring a little bit more, and they begin to get the feel of the fact they're in control a little bit more, and demand more. And I think this is what's happened to Las Vegas.

Originally, I understand—I only came in on the tail end of it—they employ a negotiator to take these labor contracts as they came up, and he, really, more than anything else, acted as a coordinator. I think maybe [he] knew business to a degree, but I don't think he was a skilled labor negotiator. When you get right down to his qualifications, my impression of

it is he acted more of a coordinator. And they would get a committee from the hotels (it was even before the association was formed, I believe). They would get a management committee to sit with them. And they would go through weeks of negotiations, trading punches, and end up with a settlement. But they always, from what I can find in the history of it, and it's been very obvious, from the pictures that developed—as they did in the salaries in the entertainment field—they just virtually sold their rights for a mess of pottage, if you want to borrow an expression. They didn't want a strike; they couldn't stand a strike. Labor knew this. It's become more and more evident as time has gone on, they'd negotiate, and negotiate, and from what I've been able to see from the sidelines, they always swore up and down there were certain points they were never going to give in, but one by one, they finally would give in to them. So eventually, in my opinion, labor had pretty much its own way.

I think there was more—I can't say agreement, but there was more rapport between the old gambling group and the labor group. They understood each other. Labor knew that money didn't come that hard with 'em. They're not hard people to deal with, as a matter of money. They've been pigeons for a lot of people that are hardheaded and want to wring them, so to speak, particularly as they were shrewd and astute. They knew when they were being taken, but nevertheless, money came fairly easy. They could always make it fairly easy, and the profits were such that they just weren't hard to deal with, I'm sure. So little by little, they conceded to all of these things, kept adding more and more on. For instance, the culinary [union] and I'm sure some of the others, have essentially the same type of agreement. Even though Nevada's a

right-to-work state, where under the law, they cannot require the employer to set up a hiring hall, which, really, is contrary to the basic concept of a right-to-work law, that a person doesn't have to be a member to get work, and they've always—in the old days, particularly— they always held to this with some pride. “Oh, a man doesn't have to be a member of the union to get a job. We can give the job to somebody else.”

You ask 'em, “How many people have you ever given a job to that wasn't a union person?” The old trick, “Name three,” or, “Name one.”

“Well,” they'll start saying, “Well, of course, we don't do it because it's just better not to. But we can. We can.”

Well, of course, they could. But they had it run out to where it didn't happen very often. And, as one old-timer in the business, a very astute man told me, “Sure, I know what my rights are.” He said, “I know what I can do and what I can't do, but,” he said, “it doesn't do me any good to be right if I'm on the receiving end when the inevitable happens to me.” He said, “Let's take the teamsters, for instance. They haven't got any right to take any retaliation on me. But,” he said, “I'll start getting conscious of the fact that— either look out my window, or start gettin' the telephone calls that my front entrance is clogging up with people that can't get a taxi. Now,” he says, “I'm not even arguing with the teamsters on the taxi question. I'm arguin' with 'em on somethin' else. But,” he says, “all of a sudden, I've got no taxis at my front door. I've got customers that've got plane reservations, and they can't get out. And I call up the man, and I say, ‘What are you doing to me? Quit holdin' out taxi men on me, and send me some taxis. I've got a lot of customers piled up here. You can't do this to me.’”

“I’m not doin’ anything to you. You haven’t got any taxis? That’s remarkable! I didn’t order any taxis to stay away from the place. They must be just tied up somewhere else.”

“But,” he said, “maybe then, one or two taxis’ll show, but,” he said, “you’ve got problems. Now,” he said, “for some reason, when you settle the problem that you have between you, all of a sudden, then, you’ve got taxis back at your door again. So,” he said, “what’s the use of arguin’ with ’em? I know I’m going to lose.”

This concept developed more and more, and this negotiator for them—each of them contributed a small monthly sum totaled up a lot, even enough money to keep an office to run this thing, and it was a very easy job for him. And then they’d go through the usual rigamarole, and end up, as I’m sure they do now, with the union getting most of the important points. They’d lose mostly the points they threw in to give in on in the first place. And more and more, the contracts began getting more onerous. The wage rates were going up to the point where, when conditions changed in this business to where gaming was no longer the source of income it once was, when every other department had to make a showing, when the type of management changed, the gradual shift from the gambler to the corporate management, who put more emphasis on profits and on doing things by the book, they were already so tied up in their labor contracts and their labor commitments, that it was just practically hopeless for ’em. They’d given it away. It was too late, when they really started to tighten up on this thing.

I think management, to a great degree, realized this. In other words, in 1968, when I took over as managing director, they completely changed the thrust of the association, and they really changed

the concept of it. They hired Mr. William Campbell, who had been operating in the same capacity for Federated Employers, to come in and take over the labor relations portion of the office. And it’s the main thrust of the association; eighty percent of the action is in the labor end of it.

I have said many times, and will keep on saying, that, in my opinion, hiring Bill Campbell was the smartest thing they ever did. The man is a tremendously capable, skilled negotiator. He knows the business backwards and forwards. He has the respect of the labor people. But he can’t do the job for them that he’d like to do, simply because long before he ever came with the association, they had lost any momentum they could’ve had, went on the defensive, and, as I say, virtually abrogated their rights. It had gone so far that there was nothing that he could do to get them out of this. If he’d’ve been with ’em ten years earlier with the policies that he had, it might’ve been a different story.

Basically, to put it very boldly, I think that labor has the hotels of Las Vegas by the throat. I think they’ve got ’em by the jugular vein, and they know it. And they’re squeezing just a little bit tighter, and a little bit tighter. Of course, that may sound like an antilabor argument, but basically, as a matter of principle, it isn’t. It’s an analysis of conditions as they are, not an indictment of the labor movement. And, of course, where the skill is needed from the labor end of it, I’m sure, is to put enough pressure on the jugular vein without cutting it off altogether. I sometimes wonder as to how far they can go, or will go. It’s the same way that I described the law of diminishing returns. The sad part about it is when it takes effect. When you begin getting diminishing returns, it’s too late to do anything about it. And this is what I’m afraid is the problem with labor, is that if the time ever comes where

it's very evident that they've gone too far in the hotels, then the Las Vegas economy and everybody else is paying for it, and it may be too late to do something about it. I hope not. But it certainly runs that risk.

Before I came in, they finally decided that they needed some legal aid. Typical of Las Vegas, they didn't want anything but the best. Money wasn't the object; they wanted to go out and get the best representation they could get. They got a labor firm. (I've only heard this. It's a matter of history.) They got a labor firm to represent them, from a large city, but not a major U. S. city. I never was able to find out what this firm did for them. He worked for 'em for a while, and the first bill they had [laughing] showed what they thought of the gaming industry, that they thought that it was certainly made of money, and just made for them, and they, I think, socked 'em harder. It'd've been cheaper for 'em [laughing] to give labor everything they wanted! I never did really know exactly what it was, because it was never part of our records, or anything. But it was a fantastic amount of money, and it, I'm sure, ran into six figures that they calmly demanded for a fee. And as some of 'em have kinda laughingly remarked afterwards (this is another thing you have to admire about these people: they can laugh at themselves even though it may have hurt at the time) they said, "Hell, they just thought we were gamblers, that we had as much money as it looked like we had, and that a fee of this kind was perfectly all right, and that we'd pay it and never question it."

They finally, as I heard the history of it, yelled, "Uncle." They negotiated and finally ended up by coming up with a compromising amount [laughing], and then they dropped 'em. We've had several attorneys since. We've had at least three since I've been associated with 'em.

But typical of the way they handled things in those times, the first year I came with the association—and that had to be 1966-67, the legislative session—I think their culinary contract expired that year. Ah, yeah. Yeah. It was 1967. Actually, the contract said three years, so that was the negotiations before the last one, and they were doing things the old way. And this man who was coordinating activities for 'em was speaking to one of the old-timers in the business, a person he was used to, I'm sure, taking directions from. And the guy merely passed a remark, and said, "Forget about the culinary [union]. Just leave that to me. I'll handle it," or, "I'll take care of it," or somethin' like this. So the guy took him at his word.

I was up in the legislative halls then, but I remember getting the reactions from it. The night before the contract expired, no employer had said a word. Nobody [laughing] even had paid any attention to the fact that their contract was expiring. This was something that was coordinated by the man. And all of a sudden, the night before it expired, they heard that the culinary agent, Bramlett, called a meeting, got a strike vote, said that the employers had ignored him, they hadn't even bothered to negotiate with him. Now, here's the most important contract they had. It's almost a life or death contract to 'em. Today, they've got over 20,000 members in the culinary union. It's the largest culinary union in the world. And this is the key to the whole business, the culinary contract, and nobody even knew the contract had expired on 'em.

So, as it was told to me, he went into a rage, got all his people up, whipped into a frenzy, and got a strike vote out of 'em. About this time, the owners found it out on the day the contract expired, and nobody'd said a thing. They went to the man that was supposed

to've been coordinating these things. He said, "Well, I talked to so-and-so, and he said, 'Forget it.' He'd handle it."

So-and-so, needless to say, didn't have that idea at all. He said, "I didn't mean *that*. I just meant when the contract came up, why, I had some idea on it that I thought I could get a settlement on it."

And the guy said, "Well, you told me to leave it alone." So he did nothing. And then there was some awful hectic times with 'em. They sent an SOS out in a hurry for an attorney that's been working here some time for various ones on it, I guess had done some work for the association. And he came out, and they had an all-night session, finally apologized abjectly [laughing] to Mr. Bramlett, and said that it wasn't a matter of insulting them, or anything else, [laughing] but unbelievable as it might sound, none of 'em realized the contract was up, and they'd never paid any attention to it. They were going along in bliss 'till somebody told 'em they were about ready to have a strike the next day on 'em.

So they sat up all night, and, I'm sure, had to make some very good concessions because of the way it had been handled, and finally came to an agreement. But then, as I understand it, they were in the position of where their agent had whipped up the people into such a frenzy, because he was so upset about it, himself, and had gotten to the point where he'd exhorted 'em to a strike, and he wasn't sure he could go back and talk 'em out of it, even after he got a good contract.

So this was what precipitated the change in direction of the association. It didn't happen for another year, but I'm sure this was when it started. They finally realized that this thing had gotten away from 'em. So this was when they went to Bill Campbell, made him, I'm sure, a good proposition, and he agreed

to take over their labor relations direction for them. But as I say, I only wish it could've happened many years earlier, and things might be a little different. Bill's a fighter, and he's very experienced and very astute in these things. But he's representing people that are in a vulnerable position, and they know it. He fights these things right down to the last ditch, but it's always in these lastnight conferences that they give more than they should. And this is typical of Vegas, too. Everything goes 'till the last minute, and then everybody rushes out with their tongues hangin' out to put out a four-alarm fire.

The first real interesting experience with 'em was with what they call AGVA, American Guild of Variety Artists. AGVA had just virtually become nonexistent. They had a union, and they had negotiated a contract, but I suppose they got to fighting amongst themselves, but whatever happened, the union just virtually became nonfunctional. It just was there in name. Then the contract terminated, nobody picked it up, so for a year or two after the contract terminated, there was, for all intents and purposes, no organization. Although places were operating under an agreement that had expired, some of them made, voluntarily, some concessions of their own, made some increases, as they did with the usual labor pattern. Others didn't, because the unions weren't pressing 'em, and they just felt that they were satisfied with it, which is a rather normal reaction. If they were satisfied with the contract they had, they didn't see any reason why *they* should instigate new benefits and new salary negotiations.

And then Penny Singleton came into the act. Of course, she was once "Blondie" on the famous "Blondie" series in the movies. And she was very energetic and reorganized them. Fortunately, I never had any direct dealings with Miss Singleton. That was Bill's problem.

I know she gave them a lot of headaches, and I think, at times, they wondered whether the role of “Blondie” that she played in the movie wasn’t the real, true life role, also, because she gave them some [laughing] real bad times.

After this negotiation had lapsed for a year or two, she picked it up, got them organized, and demanded a contract. So now, they were in a position of where she was demanding two years’ back benefits, that nobody had bothered to pick up, when she negotiated a new contract. Basically, she was negotiating a three-year contract with the usual concept of percentage increases each year, starting with one. But her first year was really a three-year increase to take up the slack for the periods that had gone by the boards. And, of course, you couldn’t really blame her for this, but it made it rather tough on the employers.

It involves basically the showgirls, for which Las Vegas is famous. Now, there was a lot of aspects to that contract. Of course, I, really, am not the person that could outline that comprehensively. But they had been operating, for instance, under a seven-day agreement because Las Vegas is a twenty-four-hour, seven-day town. The girls were paid for seven days because that, again, was part of the business. It was the way the business grew. It was accepted when they first started in Vegas in the show business. It was a seven-day business. And the girls would, I’m sure, take vacations, and there was always—a part of the nature of the business—there were periods in between shows. Just by the nature of things, there was a little resting period. Then they’d put together another show.

In my opinion, where they really made inroads was in their public relations. The gaming business was, is, and always will be, one of the poorest PR places in the world. They just don’t know how to tell their own side of the story. You can’t tell it for them. One

would think that you could, but they’re just too individual, there’s too many disagreements among them, they operate too individually. And it just has never worked out that even they could pay somebody to do this for them. But now, they’re threatened with the strike of the showgirls, which, of course, everybody in the country leaps on. And this was an ideal position for the outside press and they were going to make beautiful stories out of it. You’ve got showgirls who, themselves, are astute in public relations, and I’m sure that Miss Singleton and her organization was very astute. She used every PR advantage in the world.

I was sitting on the sidelines, which was an advantage, in that people who were involved directly in the problem, negotiating, can’t see what a person can see from the sidelines, I think. And I could see how badly they were getting whipped in public relations. They had one showgirl that was elected as their spokesman, a beautiful girl, and a lead dancer in one of the shows. She would get out an announcement that would be shown all over the country as a press release, and, of course, made a wonderful picture. And she had a beautiful story to tell, because they were bringing down the seven-day weekly salary to a five-day base, and comparing their salaries with what were paid on a five-day basis, and weren’t really telling the true facts as they existed. At least, they got the benefit of the difference on it, in that it made them look like they were really being enslaved, and I really don’t think they were.

I don’t know, they may have started with a six-day base, and maybe it wasn’t a five, but anyway, they had their time off. And then they get into time and a half, they get into reporting many of these other things that are all part of the business. And they got down to the point where it looked like there was going to be a strike. And then the girls

get out and make their signs, and, of course, they have television photographs of them getting prepared to march in their scanty costumes, and good looks, and everything that goes with it.

This girl got on the [television] right towards the end, got on and told her side. (They gave us equal time.) She told her side of the story in her beautiful, appealing way, and here we have a stodgy, old attorney—not old, but stodgy attorney, who wants to talk in legal phrases to give our side, and as I told him then, and many times since, “Walter, I never saw any man in my life who was more over-matched than you were in that contest! You didn’t have a chance!” [Laughing.] Which was true.

It went right down to the wire, which I found out since, isn’t at all uncommon. They were going to strike at eight o’clock that night, and they left their signs going, and everything, and then they’d made another concession. Maybe they’d made some previous concession of a day here or there, but I never remember it. They got down to where they were supposed to go out, and then at midnight, when they were supposed to go out, they were in conference, so they’d postpone it a little farther, and they’d sit all night and bargain. And it isn’t a real cohesive bargaining. If Bill Campbell, for instance, or the attorneys—if one person could do the bargaining, and could have the power to do it, and say what he’d do, and know that his clients would be back of him —. But this, again, is a scattered, individual industry. And we had to run back for meetings, and then they’d come back with another proposition, and some of ’em, they’d swear they’d never give up.

And so the main problem that I had in this thing was I was strictly a sideline viewer on it. I wasn’t even part of the negotiations. In the first place, I had other things to do,

and I couldn’t sit up all night and listen to the bargaining going on. And I didn’t. I had no contact with that portion of it. But I had to sit in the office and answer the telephone from places all over the country. That board lit up like a Christmas tree, the lights on it. And calls—there’d be three incoming lines, and they’d be full all the time, and two outgoing lines. The incoming lines were just full all the time, all of ’em buzzing. And it might be a paper from New York, a paper from San Francisco, or one from Los Angeles, [or] a radio station—and they wanted to talk to somebody. Generally, they’d ask for somebody in charge of the office, and they’d say I was. So they’d put me on the phone, and I couldn’t answer question number one. In the first place, even if I could, it was something I was entirely out of. I had no authority to speak for management, or for the negotiators, or anything else. And in the second place, there was an awful lot of it I didn’t know anything about at all, that I couldn’t answer. It was a tremendously difficult position to be in. Then some of ’em would come back and say, “Well, what is your title?”

And I’d say, “I’m managing director of the association,” which is a little fictitious to the extent I’ve explained. It’s departmentalized into the two functions.

And they’d say, “You’re managing director, and you are telling me you don’t know what’s going on?”

[Laughing.] And I’d have to say, “That’s absolutely right. That’s my department.”

And then—as I say, Penny and her girls were losing no opportunity. They were talking to everybody, they were telling ’em how they were enslaved, and giving their side of the story, and we had no way. We were taking probably the biggest licking anybody ever took, from a PR standpoint. If anything was

doomed to failure, looking back on it, that one was it.

And as I say, they met all night. Then, the next morning, we knew the contract had been settled, but no details. Everybody who had anything to do with it had been sitting up all night and had gone to bed. They left me to answer the phone, and I couldn't give 'em any answers. The first thing Penny did, after they got out of there at six or seven in the morning, was to go over and take everybody to breakfast, and invite the press, and give 'em a press release. Then they started callin' [laughing] our office, and I was the only one that could answer. Everybody else was asleep.

Anyway, as quite often happens, the advantage under the gun like this, and in the situation I've described, is all in labor. Penny Singleton had a very experienced attorney from New York representing her, who was experienced in the labor business. She had good counsel, she knew how to apply the pressure. So when these last-minute things come up, and strike staring them in the face, they just give away things that they have no business givin' away. And I'm sure they recognize this. Because in this particular time, they gave away what is quite a—I would say, a precious right—of people of this kind, in what they call the "pay or play" contract, the pay or play provision. Bill and the attorneys, for instance, advised these people not to give away some of these things. They give away some of 'em, under pressure, against the advice of their own people, people that're hired to do this. They did give away this "pay or play" contract.

Now, I can't explain it as a professional, but basically, it means that if they're available to play, they get paid, regardless of what the reason is, or the conditions. So if a place burns down, or if lightning strikes it, or a power failure, or acts of God of any kind, beyond the

control of the operator, these people just say, "We're ready to play and you've got to pay us." And because of other phases of the contract, and of the business, they are required to keep the contract going for, I think the generally accepted period is twelve weeks. Therefore, theoretically, a place could burn down, or be struck by lightning, or acts of God, or anything else beyond their control, and have to shut down, [and] they'd still be liable for twelve weeks' pay for the people in that show. And at the price Las Vegas pays per show, something that I don't think anybody realizes 'til they sit down and figure it out, this would be an astronomical amount of money, and an amount they couldn't pay. It just wouldn't be possible. Let's take one that's not farfetched at all, maybe costs 'em \$100,000 a week to put on a show of this nature. And they can't continue to pay that kind of money for twelve weeks without a show. It would break 'em, break anybody. Many of the stars don't operate on this basis. Some of them, I think, did belong to AGVA. But the star contracts are different. A star doesn't expect some of the provisions that the rank and file do, because they are well paid. When they're being paid \$40,- or \$50,000 a week, or whatever they get, they can't argue for some of the fringe benefits that a dancer, of course, is entitled to.

But nevertheless, in this frenetic, last-minute negotiation, they did give away this provision. And when negotiations came up three years later, well, I think they were just virtually astounded when they realized what they'd done. I think one operator probably put it best—better than any of the rest. He said, "I think all of us knew that we gave in on this particular clause of the contract, but none of us stopped to figure out the ramifications of it, and what we'd done to ourselves, that we'd made an agreement that was just almost an impossible agreement."

Well, of course, now, they're in a situation, trying to recoup some of this. And the history of labor negotiations is you seldom get anything back once that you've ever given up. The AGVA negotiation was up the first of this year. And strangely enough, they're in exactly the same situation that they were three or four years before, before the other contract went on, in that they've been fighting amongst themselves. They can't decide on who represents them. And so, consequently, we've been working without a contract with 'em, I think, since the first of the year, simply because they can't get together, themselves. I will give the owners and the hotels credit for the fact that they haven't taken advantage of it, because they were in a position where, if they were not under contract, they could do practically anything they wanted on it, without being subject to a contract. But they have lived up to the terms of the [old] contract, even the onerous terms that they would like to get rid of, simply because they felt it was the proper way to play it. And their advisors, and attorneys, and labor people advised them that this was the thing to do. But there hasn't been any resolution of the AGVA contract.

I understand that even at the time of the last negotiation, that AGVA had just practically killed the shows of this type, that they had a strike in New York, and the New York places refused to go. But I'm sure, the type of business that the show business is, as I pointed out, a seven-day business, it's a business subject to some things that other businesses are not subject to, or things that are considered to be bad in other labor contracts, that wouldn't be in this business because of the nature of the business, and that when you try to stabilize a business of this type to the usual concept of a union contract, it just makes it so onerous that most of these places can't exist

under it. And I understand that this probably is one of the reasons for the internal problems they have, is that they just practically put themselves out of business. A lot of places'll just drop the shows. And basically, this was the only reason, as I remember, that they finally gave in to the demands of AGVA. They didn't have control over the terms of the contract, but they had control over the shows, if they wanted to start cutting people out of these big production shows, if they wanted to do away with acts. This was the only defense they really had, they said. They would have to keep them for their contract period, but at the end of that period, they could do—. And many of the places in Vegas have done this now. It's a matter of common knowledge. They've done away with their lounge shows, and put in keno lounges, and things of this nature, because of the expense of operating them. It just got to the point where they couldn't justify it.

All of the contracts since they've had their problems with, the teamsters' contract, the engineers' contract. They had a contract with the Operating Engineers two or three years ago, and they called a strike on one hotel. And, of course, labor, even though they negotiate with, for instance, the association and their members as a group, labor likes to single out one or two. Their tactics are to single out one or two hotels, put 'em on strike, and not strike the others. And, of course, this is killing, because the hotels that are put out of business and watch the competitors alongside of 'em still operating, it just doesn't operate. I think that strike lasted a day. Everybody tried to help get behind them, but they were ready to run right from the beginning because they weren't about to stay closed and see everybody else around them open.

Of course, labor loves this, [but] they don't like it to be turned around on 'em the other way. In other words, they stick together. The

power of labor, largely, in Las Vegas right now is with what they call a central Trades Council. If a minor union goes out, and the central labor council decides that their demands are reasonable, and they should be supported, then all the unions support 'em in honor of their picket lines. Take, for instance, the Operating Engineers. While it's awkward, they could operate without 'em. It might not be easy, but they could do it. But the minute that one of 'em throws a picket up, the others honor it, and they've got 'em closed tight as a drum. This, they know. As I say, I don't pretend to know the details of it, but I've watched 'em give more and more as time went on.

Then we got into the last culinary [union] strike, which was two years ago last March. Negotiations are coming up again now for next March—I mean, that's when the contract expires, I believe. By this time, the association was organized well enough, and had sufficient legal advice and experience, that they recognized the culinary contract as the heart of the whole thing. It sets the pattern for everybody else. They don't need the support of the other unions, really, to honor their picket line. If the culinary goes on a strike and stays away, the place has to close down because they have the maids, the bartenders, the cocktail waitresses, the waitresses, busboys—everything, and they can't operate the shows without the waiters, and waitresses, and kitchen help. It just closes an operation of this type down. So they were convinced they would have to stick together on this one. I don't profess to be an expert in it, but as it's been explained to me, employers can form a common defense and employ what they call a *lockout*, if they're subject to the same terms that this place that is being struck is asked for. In other words, if the culinary strikes one hotel because they refuse to meet

their demands, if the other hotels have to meet the same demands, they can lock out, [or] what they call the lockout. In the case of this last culinary strike, they selected three of the real important places, hoping they could close those places up and force them into giving in because they'd watched the others stay open. But the others automatically closed with them, because they realized that it was an all or nothing proposition, and legally they could do this—that's the lockout—and this is what happened in the last negotiations.

Now, there's a reason in here that isn't generally understood, and I can only give it the way I see it, and I see it this way, and I believe it very strongly to be this way, although I'm sure, to this day, there's a difference of opinion. And that is, the places did get together, and they did take common counsel. This was the first time they had been set up to deal with culinary through the association, in which all members agreed to stick together. And they had good counsel, so they had good advice. They formed a protective agreement between themselves. They agreed that they'd all stick together, and that they wouldn't let 'em strike in one or two or three places and the rest stay open and take advantage of it, that it was a common cause, and that it was a life or death struggle, and they were going to have to do it.

Now, they did negotiate with the culinary [union] in a different way than they ever had before. (Before—and the old-time labor men were used to this, labor negotiators—they negotiated as I've described with this coordinator and a group of old-timers, department men whom they were used to, and negotiated with for many years.) I didn't see this whole picture 'til after it was all over, but they went at it through Bill Campbell, through their attorneys. They handled it on a professional basis, and they had a group that met with them, a group from the hotels,

a representative group, but they were not the bosses. They were deliberately chosen this way. They were the working supervisors, the people who knew the problems. In other words, the owner or the boss doesn't know the technical problems that the guy has in dealing with these waiters, or waitresses. The man who's responsible for the running of it does, the department head. So they were all department heads on this negotiating committee that was formed by the employers.

And they got nowhere. Of course, demands were greater than they'd ever been. We felt [they were] impossible demands, and it went on down the line. They were warned that, "This is the time you're going to have to stand. If you don't stand now, forget it forever." And so they started negotiating, and it went on, I guess, for many weeks, even months. This committee would meet with 'em, and they'd go over, and they'd occasionally, as they always do, resolve a point here or a point there. They always start by resolving what they call the "nonmoney" items first, the fringe benefits, and the fact of what they pay for their uniforms, and what they give to them in meals, things of this kind, things that don't add up in money out of pocket. But it was very obvious that they weren't getting along. But to a point, they were negotiating a three-year contract.

The union demands that were translated into money items— and these, of course, have something to do with other than just straight rate of pay. I mean, there's many things that translate into direct money, for instance, health and welfare benefits, or vacation privileges, things like that, that can be interpreted in money. I don't remember where the unions started. Even when they got down to the last ditch arguments, the union was at about a forty-five percent increase over a three-year period—that is, over the

total three-year period, their benefits would be forty-five percent higher than they were at the beginning. Now, the average for the country at that time was running, maybe, what? seven percent a year, or something like this. And say the benefits were eight percent a year, that would be twenty-four percent in three years [compared with] the forty-five the union was asking. (I can't authoritatively give this. I have to give it from memory.) I think the association, or the members finally worked up to a point where they were at about twenty-five percent, and then they balked. The union got down to about forty-five, and then balked. They had this great gap between them.

Now, the art of labor negotiation, that every negotiator knows, is there gets to be a point where you can't give any more without the first one to give shows a sign of weakness, and then the other side starts with that as a base. And they wanted to negotiate between twenty-five and forty-five [percent]. And the one thing I knew, as an onlooker, was that they had figured, and had talked amongst themselves, that they would go as high as thirty-two percent, but no more. And always, the same thing comes up, particularly in negotiations in this business, always the question, "Do you feel strong enough to take a strike for it?" This is always a question they ask amongst themselves, and, of course, generally the answer is, "No, but, will you take a strike now that we've gotten this far?"

But in this instance, this was their feeling, that they would take a strike before they'd go over the thirty-two percent level for the three years. So you've got the union at forty-five, the association group at somewhere around twenty-four or twenty-five, neither one willing to give the first break. I'm sure the union was looking pretty much at the same break. I'm sure the union was looking pretty much at the same figures. I'm sure, amongst themselves,

they'd agreed at pretty close to that same [percent], but nobody wanted to make the first break.

So it got right on down to the deadline, and nobody could make any headway with it. It went to the strike. And, as it turned out, I can't imagine that they thought they'd get away with it, but they may have. They picked three places to strike, I think the International, the Desert Inn, the Dunes and the—I don't know. There was three major hotels. Maybe it was the Stardust. Three major hotels were selected. And the union strategy was to strike those three places, leave all of the others open. (There were some ten or eleven left in the negotiations.) Of course, this is a well-known union [tactic]. If they all have to bear under it, they can stand it, but it just kills 'em to see somebody else open. So when the union struck, they invoked a mutual aid agreement, and they all closed down, which was, I think, a little unexpected. In the first place, the union didn't think they'd take a strike. And in the second place, they may not have believed they would all do this.

The culinary workers—at first—that was something new to 'em, and, I think, a little bit of a lark. Of course, the union had their funds to pay picketers, I'm sure. I don't know—maybe they may have demanded a certain amount of picket duty from each member. I believe they did.

One interesting thing that was discussed, they suggested, that everybody kinda treat it as a lark. So in one of our meetings, they got together and said, "Let's turn the lights out on the Strip. We're going to close down. Let's us let 'em know we're going to close. Let's turn the lights out, and let's all do it at the same time." And so they did. They came to an agreement. Seven o'clock, I believe, was the time, or whatever it was. Seven o'clock—everybody just virtually synchronized their

watches. At seven o'clock, everybody'd pull the switch, and just throw that whole Strip dark. And this is what they did. And it really shook up the [laughing] picketers to see that whole Strip go dark on 'em. And for about three or four days, the traffic on the Strip was heavier than it had ever been before. It was just like Saturday night traffic, just bumper to bumper, three lanes each way, just people going down to see what that Strip looked like when it was dark.

And the strike went on, but it wasn't very long until, from the sidelines, I began to see that there was some breaking point in it. It was something that I didn't realize had gone on, and I'm sure that maybe some of 'em haven't changed their mind to this day. The labor people, and particularly the culinary people, who were used to doing things the old way, all of a sudden found themselves dealing with people who, before, they'd been able to get a pretty advantageous agreement out of, and they knew it. They were dealing with people higher up in the echelon. (For instance, the culinary negotiators, when they were ready to negotiate with, for instance, the Desert Inn, why, Allard Roen and Moe Dalitz had talked to 'em, and they knew they were talkin' to the top guys, the guys that were really runnin' it. Or if they were dealing with the Sahara in those days, they talked to Alex Shoofey, and they knew they were talkin' to the guy that could make the decision (or Milton Prell). And this time, they weren't.

And I found out afterwards that they blamed the Hughes organization for this, said that Hughes was more experienced, although Hughes, as I understand, has a pretty good labor record with the labor unions. But I'm sure they're hard negotiators, and they negotiate a little different than the old-timers did on the Strip. And a large part of this thing was a matter that they "were being given

the runaround.” And then, pretty soon, “We want to talk to the top people, people we’ve dealt with before, policy people.” Well, policy people had already pledged their stand, and they weren’t about to give in and replace the people they’d designated to do the bargaining for ’em. They wanted the same negotiating committee that they’d designated to do it.

It became a little apparent that this was one of the issues, although it wasn’t apparent to me ’till afterwards that they blamed Hughes for it. Because Hughes had six places in the association, they just figured, “This has never happened to us before. They’ve never been tough like this before. And the big change is Hughes. It’s got to be—.”

And I can testify—as I say, while I was not directly into the thing, I was close enough to it, and watched it close enough, I can testify absolutely that this was not true. The Hughes places did not dominate it; they were not the ones, really, that came up with this idea. They supported it as much as anybody else. But I understand, and afterwards it came out, the labor boys were just sure that this was Hughes—the Hughes places, or Maheu, or whoever was then representing them [and] giving the orders. It just absolutely was not true. This was just a case where professional people that they had hired, both from the legal and negotiating angle, knew what the problem was, and advised them that they had to stick together. And they did.

The strike lasted about six days, something like this, but it was the longest one. It taught the community a great lesson. It’s one thing for people to say the Strip is the heart of Las Vegas, and it’s the economic heart of Las Vegas. Of course, you can say that, and it’s like putting something down on a piece of paper, “Well, that’s true.” But to see it operate under your nose is something else. I had people tell me from all over [that] the downtown people

weren’t closed (they were coming up with a separate contract). But they were the first to admit that, “When the Strip closes down, people quit coming to Las Vegas, so they don’t come to our place, either, and we had to suffer a drastic loss in business.” I had service station men tell me that they never knew that business could fall off as much as it did during that strike. He says, “It just went from good business right down to the bottom, just in one thud.” He said, “There was just really no use in us staying open.” And all of the suppliers—the food and liquor suppliers, the people they had driving trucks for ’em, everybody that serviced these places, everybody felt it, and the whole community felt the thing.

And as I say, it went six days. They settled for—I gave you the figure of thirty-two percent. As I remember, they settled for thirty-one and a half, which shows how close the original estimate was to it. But they had to go through this. They had to go through a painful strike, which cost the community a lot, to get to this point that everybody knew they were going to have to get to in the first place.

There was other ramifications of it that they found out. For instance, closing down the Strip for six days, and then deciding you want to open for more reasons than one, doesn’t mean that you go back the next day to where you left off seven days before. In the first place, it’s an immense job just to get the people back to work, the crews back, and everything back in order. And then in the second place, and more important, is that business doesn’t start up where it left off. They couldn’t put ’em all back to work at once. They knew that they were going to be a long time getting back into operation. Shows were disbanded. That got to be an argument on this—I’ll go into that a little later, on this very concept, this “pay or play” concept. But you just couldn’t put ’em all back. They didn’t know how soon they could.

The word had gone out all over the country. It had been on television news, and all over, the picture of the Strip darkened, and everything, and people canceled their reservations. It took 'em from one to four weeks, depending a little on the type of clientele, and places operated a little differently, and size of the place, and what they had booked, and one thing and another. I'm sure that it was at least four weeks before they got it back to even what you could call being close to a normal operation. They put people back to work gradually, so a lot of 'em were out more than six days. This caused a lot of arguments and trouble, arbitration.

The people who had the pay or play" contract in the shows, of course, said, "We are here. We're ready to play, but you can't play, so you've got to pay us." There was some slight loophole in that provision, whether it was a loophole in the contract, or whether it was just basic reasoning of what's beyond a person's control. I think all the places refused to pay the shows for the time they were out of business on the grounds that it was a strike. I think there was a strike provision in there.

As I remember, it went to arbitration with the labor relations board, and the way that it ended up was, they said that the three places who were struck didn't have to pay, because it was out of control. But the other places who shut down on a voluntary agreement, who locked out, did so on their own volition, and were responsible. I think they all had to pay, and it was a lot of money—had to pay for those shows. And some of 'em, as I say, it wasn't a matter of a week. Some of 'em couldn't get those shows back into operation for two or three weeks. And this was stretched over a period—arbitrational period—a year or two. But, it finally went through.

I think, to this day, there are some labor people that still swear that it was the new

corporate management, and it was Hughes, that was responsible for this. And I think this made 'em madder than ever, 'cause they felt they were being short-circuited. But I can testify that it was not true, and I am positive that it wasn't, and that it was just a matter of self-preservation. They realized that this was one time they just could not give in to all of the demands and still stay in the business, although they ended up giving quite a bit.

But now, they're going into it again next March, or whenever it is, March or April, when the contract expires. Negotiations'll start pretty quick. I don't think the same thing'll happen in the same way again. But it shook everybody up, the community, it shook the owners up, and labor. They just didn't think they'd ever take that strike. At least, it had that advantage, of showing there was a point of no return. Maybe they'll be conscious of it again. But the point is, you don't know, as far as labor negotiations go, where this point of no return is. All of this is reflected in increased prices, because, as I've pointed out, each department has to operate at a profit, each department has to raise prices as they go along.

Gambling can no longer absorb it. This was—and I think I pointed this out—this was one of the fallacies of the Lybrand report. Lybrand's basic theory was they could make up for this gaming tax by raising the prices in other departments. They can raise the price of rooms, and drinks, and so forth. But basically, the pressure is on them so heavy from labor, that they have to put all that traffic will bear on increased prices, just to meet these increased labor demands. And where the point is that Las Vegas will price themselves out of business is conjectural. It's a theoretical point, and they may hit it. Already, they've gotten to the point where it's getting awful close to

the place where it's no longer a bargain, and that's a crucial point in the entertainment business, or resort business. They're having to push their prices up more and more, and my personal opinion is, as I've said, I think they've got 'em by the jugular vein, and they're squeezing pretty hard. And I think they better be careful as to how they squeeze, because they may find out too late that they've put on the pressure just a little bit hard. I'm sure some labor people wouldn't agree with that. They think we're a long ways from that point. I think this is typical of labor. I think they're overconfident of that point. They all say, "Oh, they always holler," or, "They're always screaming. Everything comes out all right in the end." I sometimes wonder whether it will.

I think we have nine or ten unions that we have to negotiate for, that Bill does, and it's getting to be an increasing problem for the time. I'm very much afraid that labor is very sure of their position, and realizes that these places won't strike. This has always been their attitude. The one exception that amounted to anything, was this culinary [union]. But again, these places have a different business, and they have what we call a "cash flow" business. It can be an excellent business, and they can be making good money on it. But it costs one of those larger places \$75, \$100,000 a day to open their doors, as the expression goes. That's their nut, their overhead. That's what it costs 'em. So much of that is in fixed costs that they can't reduce, whether they're open or shut—interest charges, mortgage charges. Then you think of the investment that's in these places, \$30,- \$40,- \$50,000,000; and the interest, alone, that's being paid on that, the overhead that they can't shut down that isn't direct costs, and don't shut down. The costs are so heavy that they just can't stand a long strike. I think labor's of that opinion, and I'm

not sure that labor isn't right in that. And they know it.

I think the culinary [union] is probably the most vulnerable of the bunch. Experience has dictated it takes a much shorter period of time for the pinch to show on them, because they're used to living from week to week. (They get paid by the week). The downtown had a strike a year or two before, about the same time we had those first negotiations with the culinary, and they said they could operate without it, and that if they could—if one or two of 'em hadn't've turned around on 'em, that they thought they could've won it hands down. But laboring people generally can go a month without their paychecks. I don't think any of 'em like it, but they can, and there's a big question in labor's mind, and in my mind, as to whether these hotels could go that long. Of course, the whole thing is whether the community could, because as has been demonstrated, it just virtually cuts down the whole community. You'd think that just the hotels are out of business, but everybody around them is.

Okay. One comment that I might add in this respect is that someone who made a study for one of the agencies (it may have been the Convention Authority), but some person who did studies of this kind, a doctor in his field, who made a study of the Las Vegas economy, made the statement that a dollar spent on the Strip spawns two more dollars in the community. And I'd say that's pretty accurate. So, therefore, in the economy as a whole, every dollar that's spent on the Strip spawns two more dollars in the cycle of spending in the community, which is illustrative of the point that when you shut the Strip down, you shut the whole community down. You not only take those dollars that they lose out of circulation, but the dollars that everybody

dependent upon 'em loses. And it's a serious problem.

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We might go into the federal slot tax situation, briefly. The federal government, almost from the beginning, levied a tax on slot machines, I think, in the beginning, on the theory they levied em on any vending machine of any kind, whether it be a pinball machine, or machines of this nature. I believe, if my memory serves correct, that it started at a hundred dollars per year per machine, and then was increased to where it was two hundred and fifty per year per machine. And the federal government realized, in recent years, seven or eight million a year out of this tax. It went up from six to seven to eight, as the business grew—or seven and a half, possibly. And for many years, those of us associated with the industry, [and] legislators, and many other people recognized the fact that this basically, was federal regulatory tax. In every other area that this tax was applied, the basic theory of it was that it was not for the purpose of raising revenue, but to regulate the business—expense of regulating the business caused by that business. Now, this tax never fit into that category, because the federal government was riding on the regulation of this industry by the state. And they received tremendous revenue, and in no way could it be construed to be a cost of administration tax, or a tax to reimburse them for costs of administration. In other states, it could be, because vending machines, or pinball machines, or things of this nature, were scattered. They weren't in the same position, and it may have cost them a good deal more per dollar to administer the thing.

But there was no real reason for this concept here in Nevada, and so, many years

ago, we started working on this thing. [When] I say *we*, I'm talking about legislators, people in the business, those of us that represented the business and recognized the fact the time was going to have to come when the federal government would have to admit this. In 1967, the legislature passed a bill which dedicated all this money to the school fund. Now, we in the industry, or representing the industry, were very much in on that, and a part of it, because we recognized in the first place that there wouldn't be any chance at all of ever getting a refund if the gaming places were going to get relief by it. In other words, if the federal government took off all tax, and there was no assurance that the money would be diverted into state tax channels, that we never would stand what little chance we thought we had then of getting it taken off. So we passed this bill, which automatically levied a tax equal to what the government took off, so that we, the gaming industry, would have nothing to benefit by it, which removes one hurdle. They gave it to the most holy of all causes, the schools, because, as I've said many times, like motherhood, that's the most sacred thing there is, and you can't do any better than that.

So we supported the thing. We were instrumental in, along with the Nevada Taxpayers Association, getting some of the legislative leaders to go back to the federal government to make the initial thrust at this. And we passed this law to guarantee some good faith. So this was in 1967, and was anticipating the hope that someday, the federal government would realize the fallacy of their position, and would finally make a generous gesture back to us.

Now, the main fallacy with that argument is that ever expecting the federal government to be sympathetic to the gaming industry, it was kinda far-fetched at the time. We had

to have some assists from somewhere else, and that was the way it finally happened. For many years, when Robert Kennedy was there [in] the Department of Justice, and his known antipathy for the gaming business and everything that it represented, the senators had told us that there was just no chance of ever putting that onto a resolution on the floor. They said, "You just cannot get up on the floor of the United States Senate and ask for something for the gaming industry of the state of Nevada. It's a wicked industry, and they're just not going to do it." And this concept was held, even at the time we made these preliminary moves to paving the way to getting all, or a portion, of this tax back.

The things that developed, that were of a great help to us, was the increased reliance in many states on gaming, maybe of another form, but gambling. New Jersey and New York went into the lottery business. And, of course, we had, to a degree, the support of the track people. It's a well-known fact, yet, that there's more money that clears the racetracks— in one good racetrack—than clears the whole state of Nevada in gaming. So we had some allies, and they increased with the lottery states. And when you came to the concept which they almost had to develop, for instance, with the lottery states, of, "Don't interfere with the state that regulates its own business. Don't start to get into the tax stream of these people who regulate it, and who have a tax." So then, the concept came in—somewhere else along the line, and it's similar to this, that states who did impose a tax, and regulated the business, the federal government would lay off of it.

So that was really, basically, the aid we got, the change in concept and the national attitude towards gaming, maybe not necessarily from a moral point of view, but from a practical point of view. All of a sudden, you've got states

like Connecticut, New Jersey, and New York considering gambling. New York considering gambling now, frankly admitting that they were going to go into the—either did go into the gaming business, or were going to go into it. And more and more, nationally, people began to take up the cause, "Let's tax it." And it's going, today, heavier than it ever went. So the government, the federal policymakers, were in a position where they couldn't really substantiate their position.

It would be impossible, I'm sure, to put your finger on any one effort by any one person, or group of persons, that really tipped the scales. I think that there is a number of people that should have credit for it. But one very good move was when they sent Bill Swackhamer and Hal Smith back to Washington to speak for the legislature, and the Legislative Counsel to Washington people. And one person they made quite an impression on was Wilbur Mills, who, of course, has a lot to do. The saying goes that you don't write anything in a tax bill that he's against. And they seem to feel—and I think it's probably right—that probably nobody had ever bothered to explain to Wilbur Mills, in the way that these people were able to explain it, that we, in Nevada, can make a pretty good case for some of our positions, at least that they're not as bad as the rest of the nation thinks. I think Bill and Hal Smith went back twice, and I think they did a tremendous job in this. They did talk to Wilbur Mills, they did explain their position, and now, through a development of events—of the difference in the trend of the nation as a whole—our position becomes more logical. And it gets to a point, with the bill that we passed in 1967, where we could demonstrate that it was not for the benefit of the gamblers, but for the benefit of the schools. Of course, they changed that in the last session. The University got

into it with capital expenditures, and the community colleges got some money on it. I always did think that the school people were a little bit asleep on that one, but maybe they didn't want to fight about it. It certainly was no concern of ours. But anyway, it all goes to education, and it goes for a good principle. It could be demonstrated that gamblers didn't benefit, that it did fit in with the new concept and the policy that was being developed, that more and more states were going into things of this kind, and the federal government recognized that it was a state's right, and something that should be left alone. I don't think they ever were entitled to that slot machine tax, but you'd've never got f it] away from 'em, as long as all we had going for us was our own momentum, because we just couldn't get 'em to listen.

Bible and Cannon did an excellent job in a couple of amendments that they tacked on when these states had come in with a bill recognizing this principle, and they'd tack Nevada on it, which made sense—I mean, it was logical. And gradually, they began to see it.

So, oh, about a year ago, or a year before the federal government finally made the concession, we could, then, begin to see it coming. Up to that time, it was just a faint hope that we were holding out on, hoping for a miracle to happen. And it finally did happen that way. I think were getting eighty percent of it refunded. It's providing some administrative problems, but not that bad, considering the good that it does. And it comes at a very crucial time in state financial history, should help a lot.

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We're into the Clark County welfare problem: my first recollection of the welfare

problem breaking loose, although we had had some warning of it in articles in the newspaper, and we knew that the welfare administrative office had cut a lot of people off the rolls, and there got to be articles on cheaters, and so forth, on the welfare rolls, that things were coming to a head, that there might be some problems on it. But I believe the first real indication that we were in trouble came when I found out, through intermediaries and people who were sympathetic to the welfare people, that the National Welfare Rights Organization had sent out some people to support Ruby Duncan, who was, of course, the leader of this, and that the plan was to parade and to throttle business on the Strip, and that they were making plans accordingly, and that they were planning a march with the help of these national representatives.

I went to a meeting in the DA's office, and the sheriff was there. This was the first time that I saw Ruby Duncan, who, by now, was well known to people in southern Nevada, at least. And she had two or three young people with her, two white boys and one Negro, who were very much of the—well, they were of the hippie type. I wouldn't say that they exactly looked like hippies. I'm using an expression that's borrowed to describe people of that type or generation. And the district attorney was pretty busy. He did come out and question 'em for a little while. They informed him that they were going to march, they weren't planning on any trouble, they weren't going to give anybody any trouble. But they were going to march on the Strip, demonstrate, and it was going to be perfectly peaceful. The district attorney and the sheriff warned them that they, of course, would be subject to some supervision. They would be expected to be peaceful, and not to tie up things on the Strip.

The meeting broke up without anything really being decided. When you'd start to

question them, they'd say, "Well, we haven't completely made our plans on that." And so that meeting broke up, and they agreed that they would meet again, and that they would let the DA and the sheriff know of their plans when they had fully jelled. About the only thing we knew was they intended to do it.

Later, I was asked by the intermediary, a person who, again, if you're using a generalization [was] a liberal who had sympathy for these people and their problems, and sympathy for all problems of this type, a very intelligent person. And I was told there was going to be a meeting at this person's house with the leaders, and the group of them that were trying to communicate with 'em were concerned that it was going to get away from us. They were trying to convince them that if it degenerated into violence, or anything of this nature, that it would rebound on 'em, and it really wasn't for their good, even though they were sympathetic to the problem and thought they should be brought to the attention of the public.

So I was invited to go to this Sunday afternoon meeting. I made it clear that I would go if the understanding was that I attended as an individual who was sympathetic to their problems, but that I did not come in any official capacity whatsoever of the Resort Association, that it was not a move on the part of the association to bargain with them in any way, that I would help them wherever I could if there was anything that I could do and if it could be done to where it was beneficial to all of us. And this was agreed that this could be done.

So I was introduced to these people. I never did meet Wiley, who was the national president, although he was here. There was a man, a young fellow, by the name of Bert De Leeuw, who was one of the leaders, along with another one whose name I've forgotten.

They were here from the national, organizing the protest. And, of course, it's a well-known fact to all Nevadans that this had become the initial battleground in which the Welfare Rights Organization had decided that this was the place they were going to have to make or break their case, and they were just going to beat this in Nevada, regardless of what it cost them or what they had to do. They had very grand plans on it. But they were not going to back down because they felt it was a national issue, and Nevada was the testing laboratory, and that they were going to have to win it.

There were representatives of the local Welfare Rights Organization. Ruby Duncan was there; [B.] Mahlon Brown III, who was attorney for these people; and Jack Anderson, another young attorney Frank Schreck, who espoused many liberal causes, and still does, an attorney, we were asking them what their plans [were], and what they figured on doing. They were very frank. They just said the Strip was the heart of this economy, of Las Vegas, of this glittering economy, and that it was the jugular vein, the vulnerable part. They could grab it by the throat and strangle it. And they intended to demonstrate on this until it interfered with business so much they couldn't carry on business. They said they did not plan any violence, but that they were going to demonstrate. They were going to demonstrate at the airport. They were going to demonstrate at airports around the country for people not to come to Las Vegas. They were going to parade in the casinos—and this was one of the keys to it—and trade upon the luxury and the glitter that's in the Strip, and the opulence, because this is always one vulnerable part of the gaming industry. I think I've mentioned it before. Their stock in trade is cash, and it's promoted by all of this glitter and opulence that's misleading, to a degree. Of course, people come here

for vacations and spend lots of money. And they're comparing that condition, probably the most evident spot in the nation, a reflection of things of this nature, and, two or three miles away, poverty and ghettos. And these things, I am sure even they would admit were exaggerated; the Westside isn't a ghetto in the normal term of a ghetto, but there is poverty, and there is dirt, filth. And, of course, they never used, really, the word *hunger*. With Ruby, they're always stahving. "They're stahving our children, and they're starving our people."

They intended to do this, and [knew] that the Strip had the power. It was the power seat of the area, and it was the power seat of the state, and when they decided they'd had enough, they could go to the governor and to the legislature and make them do what they wanted them to do. They made no bones about this. "This is the power seat. It's the seat of the power structure, and they can do it. And if we press them hard enough, they'll get to the point where they have to do it, and they'll go and see that thing's settled, to protect themselves."

Of course, I pointed out to them the feeling of the people on the Strip (this was beginning to get pretty widespread by now), that there was no real difference in it than if they were being kidnapped and held hostage for something they had no power to prevent, and they weren't responsible for [it] in the first place. They virtually admitted this, that the Strip wasn't responsible for the conditions that were there. Actually, as I pointed out to them, if they start closing up the Strip, there's about 4,000 people from the Westside that are employed there, and they'd take their employment away from 'em, that if it wasn't for the Strip, it would be a ghetto.

Well, they didn't try to argue the point that the Strip was responsible for this condition

existing. But they did say, without any equivocation, that if they put enough pressure on 'em, they could stop it. They could make things go their way.

Now, this is something, from where I sat at the time, or where I sit now, [that] is entirely wrong. I don't know how many people would believe it, but I know Strip people, themselves, believe it very strongly—they haven't anywhere near the power that people think they have, and particularly, political power. They are used by people in political office, or people running for political office. They're blamed for most everything. In the old days, they coughed up very generously. They were expected to come up with the expenses at political campaigns, and things of this nature. But to say they had that kind of power—they may have had more in the old days than they have now. But to say they have that kind of power, and particularly, under the present structure that they have, just isn't right, as I see it. And I know how helpless they felt in this condition.

I asked them what they wanted, and they said that they had two or three programs. In the first place, they wanted [George] Miller fired, who was the head of the welfare administrative organization that the governor was supporting. (This is all facts that are well known.) In the first place, they demanded that Miller be fired; second, of course, that all of these people that'd been taken off the rolls be restored to the rolls. These were their main conditions, and it seems to me they had one other that was—. But it wasn't as important as these other two.

I tried to tell them what I actually believe, and still believe, that these people couldn't do that. They didn't have that kind of political power. In the first place, there was the governor, who was elected. It was a well-known fact that the gaming interests

didn't support his election. They backed the loser in this instance. And very few of the [gaming] people were even close enough to the governor to even talk to him, and that this was just something they couldn't do. Well, I was just told that they would do it, and they were confident that it could be done.

When they were asked some of their plans, then they immediately retreated into a little bit of mystery. The main thing I can remember that they told us, virtually, was that they had put on many campaigns of this type, that they knew how to do it, and they knew exactly what to do and how to do it, and they would do whatever was necessary. They didn't want to have any violence, but they would do whatever was necessary. And I think they pretty much convinced us of that. I think this was their business. I think this was basically what they did. They went around and put on demonstrations, they put on campaigns, and they said, "We're very experienced at it, we've done it many times, and we'll carry this one."

So the attorneys there, particularly Frank Schreck, who, as I say, was, and is, a supporter of liberal causes (makes no bones about it) and has acted as attorney, I'm sure, without charge for many, many things of this nature, they got into some pretty good arguments, particularly with Ruby, trying to keep things down under control. They were supporters of the principles that she was after. They wanted to support her in her campaign, but they were also very much afraid that it might get away from us, as we all were, and they tried to keep it down, and keep it within bounds.

Ruby, of course, was a mouthpiece, strictly, for these people. They were directing it, but she was the Charlie McCarthy. She was quoting what they told her to say. They tried to sit back a lot and let her come up with the statements. This, as I say, was the first time that I met her. I've met her many times since. And the

best description that I have ever heard of her was from a person who was closely enough associated with her, an official, and who was at least reasonably sympathetic with some of the thing she represented. And it described her, said, "She is constantly in a Never-Never Land." And this fits, to anybody that has seen her on television, or listened to her. This is exactly descriptive. She has this little, thin voice from a great, large body, coming out, and she's kind of in a Never-Never fairyland, all of the time. She's an idealist: it was apparent then. She envisions herself as the Messiah that's going to lead her people to a better land and a better living, and, I'm sure, very idealistic, not really practical, gets very evasive—which, of course, is one of the characteristics of the people who run programs of this type—when it was necessary to become evasive. And, of course, all of the publicity, all of the supposed leadership was vested in her, as president—I guess she was president at that time, of this Clark County Welfare Rights Organization—and her people supported her.

We were in there several hours, but we just really got nowhere, other than they were going to put on a march. They were going to do what was necessary to do. Ruby kept repeating, "There'll be no violence. There'll be no violence." They couldn't give any answers. As I remember, the obvious fear from the beginning of this thing is that [in] the history of things of this nature, it may start out without any ideas of violence, and one rock thrown, or one confrontation, or one fight can sometimes—like in Watts—can burn down the whole area. And, of course, this fear was very much there.

I told them that I would go back and meet with my people, and I wanted them to understand that at this point, I hadn't [consulted] with them. I would tell them what the conditions were, but I could make

no commitments to them whatsoever, that I came there just as an interested person, and a person that everyone knew was friendly to them, who at least believed in some of the things that they needed, but that I didn't think that our people were in any position to bargain with 'em, or anything else. They couldn't accept the responsibility for trying to stop it, and that we just felt we were very much in the middle, which was exactly the way these people felt.

I did report it back to them so that they knew what the situation was. And of course, the plans went on. They were going to have nationally known demonstrators from all over, and people coming in, both white and black. Of course, Jane Fonda was prominently mentioned, and Dick Gregory, and people who were nationally [known] and sympathized with their cause, and who drew lots of attention. And their plans went on.

And I never saw a more helpless bunch of people in my life, or more resigned, than these Strip owners that would sit there in a room and wonder what they could do, and say, "What political power do they think we have? How do they think we can stop this?"

In the first place, as far as the first demand, which was to fire Miller, they wouldn't, any of 'em, presume to tell the governor who he should hire or who he should fire. They wouldn't presume to do it in situations that were much closer to 'em. I know this isn't a generally held viewpoint, but I know it, from the way that I deal with them. They wouldn't presume to do it if it were a situation much closer to 'em, such as a Gaming Commission or a Gaming Board person. They might let their views be known, and all of this, but in this particular instance, they felt particularly helpless, because none of them, to speak of, had supported the present governor; none of 'em were close to him; and most of 'em said

if they were, "As far as firm' George Miller goes, forget it."

As far as going to the governor or legislature, and telling them that they had to restore these people to the rolls, again, while it wasn't quite as positive as the one on Miller, it was a very positive statement, and primarily because they didn't know a thing about it. And there is no group of people that have ever lived that probably know less about other things going on around them, say, environmental problems, problems of this nature, because they are so wound up in their business, and so completely devoted to it, that they just throw up their hands when you try to get 'em to take a stand. In some things like annexation, for instance, that affects 'em, and it might affect 'em deeply, they just don't understand—not even the new breed, because they just don't take that amount of time. They're so busy putting out fires under their noses, and they just don't know the problems, and they just wouldn't presume to tell [the governor or legislators].

[Laughing.] The one thing that they would tell them in no uncertain terms, and the one thing they would make a lot of noise about, is that they didn't feel they should be in the middle, and they thought they should be protected. In the first place, naturally, they would much prefer it not to happen at all, but they were kind of resigned to the fact that there was nothing they could do about it. But if it did happen, then they expected protection, from the community, from the state, and from everybody else, because they were completely helpless, and just said, "Look, here we are in this position. We didn't do anything to get us here. There's nothing we can do to solve it, and we're just virtually being held hostage, and we think we should have protection. We want our property protected, we want our rights protected."

The legislature was in session at that time. I think, probably, I was about the only one up there other than our legislators from down here (and I talked to many of them); and again, they had kind of the same feeling, "Well, what is there we can do about it?" Of course, it's a well-known fact that the governor had his head set that he wasn't going to move, and as people have learned later, he doesn't back off of a position once he takes it. These people were adamant on the fact that they weren't going to back down, that this was a fight they couldn't lose nationally—it was a national fight—so they went ahead with these plans. Virtually, all I could do was to scream for sympathy wherever I could, try to get the legislators to see if they couldn't do something to mitigate the problem, or to ease it. But we didn't know what could be done, and we weren't about to tell anybody. Nobody had any real solutions.

I never spoke to the governor during the whole time, and I know of no one else who did, other than one or two phone calls. I assume there may have been some others. I do know of one very large place, or a manager of a very large place, the president, who did feel close enough to call the governor and tell him his troubles. But that's all that I could find out. In the meetings we held, and the frustration that was there, they were just helpless, and they were just looking for somebody to tell their troubles to, and asked for a solution. But they certainly never suggested at any time what it might be, and were very frank to admit they just didn't know. So this is the way that it went on.

When it was very obvious that they had set the time for the march, and started organizing, of course, things got pretty tense. Again, it's just that fear that something may happen, and one little spark, and it'd just ignite a whole blaze.

There is, in my opinion—or was then more, and maybe more than there is now, but there still is—a fomenting undercurrent in the Westside of discontent. It broke once in a confrontation similar to that of Watts, and there were some riots for a day or two. But there is that fomenting. And a lot of these people are prey to organizers who are specializing in trying to start something of this nature, and who want to promote violence. We were told they just felt they had the ability to completely cut off the economy of the Strip.

Of course, as I'm pointing out, even these people who were very close to them, and sympathized with them, all tried to hold 'em back a little. None of 'em, that I knew, had really thought they should go this far. But they were determined. And so the plans went on.

Of course, we had to make—I say *we*, the community—had to make counter plans. The sheriff organized it. He met with both sides, and organized a command headquarters, and did an excellent job of it. And they set up a command headquarters in the Convention Center. The governor didn't mobilize the National Guard, although we understood they were on the alert. He didn't move them down here, although we understood they were on the alert and could be moved down. And everybody just didn't know what to expect, but knew that the worst could happen. We, of course, met with attorneys to find out what our property rights were, to what end could we protect our property, 'cause, again, we were warned that, from the owners's side of the picture, or the property owner's side of the picture, that they shouldn't start anything, either, that might flare up into troubles. They were expected to march through the places, and if they did, at this point, as far as I can remember, they figured that they'd

have to just play it by ear, depending on what happened.

But the big fear of the thing was the cashier's cage. They knew that if they were going to be subject to this march, they could get most of the money off the tables, and get most of it put away. But money's their stock in trade, and there is a lot of it there. And there is a fear that some professionals who wanted to start some trouble, and might start some trouble, if they started towards that cage, or started to wreck it, then there was going to be some problems. They might put up [with] a lot of other things, but at least, right there, the trouble'd start.

And nobody knew where they were going. They tried to keep their plans a little of a mystery in this respect. They said they'd select some hotels. Well, of course, this was a tension, a guessing game, as to who they'd select. Even at the time the march started, it still wasn't known where they were going. Looking back on it now, I don't think they knew, themselves. I think they were pretty much playin' it by ear.

Then—another thing that was very disturbing was it was very obvious, that they were making plans on the “hard hats,” so to speak. The construction people, people who traditionally represent the other side of the picture, were also going to demonstrate and march. And, of course, this posed another very serious problem, because, again, it just increases the possibilities of confrontation. I think, as it turned out, they did assemble—a number of 'em assembled, but they were pretty well controlled. I think they were pretty well talked to, and pretty well convinced that they'd better just not get into the—. And actually, as I remember, they probably were there more as sightseers as anything else. Anyway, no confrontation came from it.

The command headquarters were set over there, with radio contact, and telephone contact all around the Strip. The sheriff had his people in strategic points. The adjutant general and some of his officers of the Guard were here, keeping track of the state police coordinator. There was a great big—they had a compound set up to detain these people. They had attorneys there, people to take 'em into custody if it were necessary, and to handle them. It was well handled, and well planned, the defense of it. In fact, it was better planned than the march, itself.

And we, of course, in our function, we had a special telephone line in with the command headquarters, where we could keep track of what was going on, and then we had a contact point set up in each hotel, where we advised them of what was going on, because rumors passed so fast. Tension got pretty high.

They assembled, I think, back of the Stardust lot, back in there. I can remember we tried to talk them in—. That was just something that, individually, some of us, and I, particularly, tried to do, was to talk them into having a—. If they wanted to have a demonstration, and speeches, and one thing and another, to have a place, like the Convention Center parking lot, or someplace, have it set out for 'em, and let 'em blow off their steam in there, but not to march on the Strip. The big problem was, “What happens when they come inside?” A parking lot's a public parking lot, that poses more problems. And then we also knew that there were many, many plans that were being made of harassment. For instance, they were going to come in and ask to use the restrooms. Well, how can you deny a person? It's a public place, and how do you deny a person from using the restroom? Or they could filter in on other pretenses, and you wondered what they might do when they did get in.

We followed the march through this method that I've described, tried to keep the people advised. Typical of our places, there wasn't any real master plan—I mean, we discussed generalities, but each one, as they always do, generally made up their own mind individually, as to how they were going to handle the thing. We'd agreed on some of the general principles. We kept track of where they were. We'd hear they were at the Stardust, then they moved down. They tried to get into the Flamingo. The Flamingo had locked its front doors. This was an individual move. Many of 'em didn't. Many of em said they didn't think they could. They did go through Caesar's Palace. They marched through there, and the places were internally very well controlled. All of the employees had been lectured to not to start anything, not to do anything that might start a problem, as long as they didn't start destroying property.

At some of the meetings, I had got to know this Bert De Leeuw fairly well—I mean, he came in several times. And I could see he thought maybe I could—he was using me, of course, to transmit what he wanted transmitted. (He was a very intelligent person.) He thought maybe I might be the dickering point where he could make a deal. And yet, we never got to that point, 'cause I made it very clear in the first place, we weren't asking for a deal, and we weren't about to make one, and I wasn't authorized to even discuss one. I told him that if they behaved peaceably, I thought maybe we could get along. But I warned him that if there was destruction of property, or assault, or anything of that nature, that started, then everybody was going to have to bear the responsibility for what happened after that. It's a very tense period, because you never know what's coming out of it.

They went through Caesar's [Palace], I understand. Some of 'em rode some bicycles

through there. They marched in there, and everybody had their tables pretty well cleaned. Most of 'em weren't about to close up completely. They just weren't going to give in that far. I think most of them had their tables cleaned enough that if they were upset, or something, that there wasn't too much that anybody could get away with. That was another fear. Supposing some individual gets out of line, or out of control, kicks over a table, or something. We felt there were people that would like to do that.

The national people didn't show up in any great numbers. Jane Fonda did march a little ways with 'em. And some of the others—there was—I can't even remember, other than Jane Fonda. I don't believe Dick Gregory showed up. They had some people that talked to 'em a little, but there was no great big to-do made about it.

Caesar's was—I don't know whether I can remember that they staged any kind of a demonstration. [They] walked through. They may have gone through one other place, or started to enter one other place. Definitely, they were a little upset at the Flamingo's locking their doors. They milled around for a while, and nobody did anything about it, and they wandered off.

The march didn't have the leadership that [one] might have thought there had been, and neither did it, in my opinion, have the numbers, we thought. I can't even remember the figures, now; there was varying estimates to, maybe, a thousand people. As I remember, it was quite exaggerated. I know that, nationally, it was exaggerated to at least double what was there, but, of course, this is typical of programs of this type.

Of course, there was, again, the fear they were performing for national television cameras. There's no better place in the world to get publicity than Las Vegas. It probably

is the best laboratory for something of this nature, and these people knew it. They'd get national television cameras to take these people on this glittering Strip, marching up there, and get past without any real incident, although it really shook up some of the people. I've had people from Caesar's Palace say, "You just can't imagine what a feeling it was until you went through it, to see several hundred of these people riding (a few of 'em riding bicycles) and storming through a place of this nature, and not knowing what was going to happen next." This was the problem.

They had one other march. They were going to make it on different weekends. They had another one, not as well attended. And as I remember that one, they didn't make any attempt to enter places. We thought maybe they would, but they just sat down in the street and blocked traffic for a while. And, by agreement, I think, they arrested a certain number, Ruby, and some of her people, and booked 'em, and went through the formalities. The second one wasn't near as bad as the first one, as I remember, other than, as I say, they tried to block traffic for a while [and] were successful. They just sat down in the middle of the street.

Of course, the rest is history, as to what happened. I'm not as familiar with that as many people are. I know mostly what I read in the papers about it. Of course, there was the gesture of putting some of these people back on the rolls. And the problem that way was settled apparently to the satisfaction of the national people. Of course, Miller wasn't fired, and everybody knew the governor wasn't about to do that. But I think the welfare people got enough out of it in the fact that—well, actually, the courts—there was a suit in the federal court on this. And if they won the court suit, as they did—they got some

points—and they got some of these people put back on the roll that were told that some of these things couldn't do.

This thing was pending at the time of the march. And one thing that I did try to do was to try to convince the judge of the importance of coming up with a decision, because I felt, as many people did, that, probably, the courts were going to overrule some of the things that were done. If the decision came out in time, it might save a lot of trouble, and, of course, nobody knew what might have happened from it if the wrong things had happened. I debated on what [was] the ethical thing to do. Nobody, and particularly me, wants to be accused of interfering with the judge. I never had much experience in that nature. And the only thing we wanted to convince 'em of was that if this decision was forthcoming in a hurry, it might save a lot of trouble, without making any pressure as to what the decision might be. I personally had known the judge that had the case for many, many years. [He] was one of my good personal friends, and we had a very fine, always have had, a very fine personal relationship. When he was attorney general, I worked with him. But I debated on what a person in this circumstance might do. I finally called the brother and asked him, I said, "Am I being ethically wrong if I called the judge and just pointed out the importance of coming up with a decision, without putting any pressure that's used to try and influence a judge as to what the decision might be?"

And he said, "No. You've known him for so long. You've been good friends for a long time." He said, "You can certainly call him as a friend and tell him what your problem is." He says, "You know you're not going to influence him in his decision, and nobody else is."

And I said, "I'm not going to try."

We did try to get the newspapers to take up this point. I thought that this would help

a lot, to point out that this decision was forthcoming, the importance of getting it out. Then, as usual, communication broke down somewhere along the line, and the newspaper agreed that it was a great thing to do, and we got a little half-hearted help out of it, but it didn't work in the way that we thought that it could.

But the court case, really, as I remember, is really what settled the thing. It gave the welfare people some fruits of victory, some things they could claim on it. And they were looking for something of this nature to justify what they'd done.

At this time, after the air had cleared and settled down, I was still going back and forth to the legislature quite a bit. I got a call from a CBS—I think it was CBS—television man, [who] said that he was, at that time, in Carson City and Reno, and had a crew with him, was doing a documentary on it, and he wanted to talk to me. I made an appointment to see him the next day. I was going back [and] he was coming down to Las Vegas. I think it was Saturday, that we made an appointment to meet him here [Las Vegas] Saturday.

So he came in, and he was doing the factual documentary for national television, and he was going into all facets of it, and, of course, wanted to know our role in it, and our side of the story. Very briefly, I told him just the essentials that I've said here, that there was nothing that we could do, that we were helpless in this case, and that we didn't do anything, and couldn't. We didn't have that power.

Well, I could see I was getting nowhere with him. And I also could see that he'd made up his mind on what he was going to write, which I've seen on a number of occasions. Before he ever came to see me, he was ostensibly getting the other side of the picture, but his mind was already made up as to what he was going to write. I could also see that

the Welfare Rights people had sold him on this idea. They were claiming a victory. They were claiming their tactics'd work. They had put the pressure on the Strip, and the Strip had, in their own way, and sub rosa, had seen that the thing was settled. And, of course, they were pointing out that the strategy worked, and they were victorious, and I knew he had his mind set on this, that this was the way he was going to go. I think I got a little stirred up at one point and told him that it was just not true at all, that some of the things that he heard were just unmitigated falsehoods, and people were claiming credit for things they hadn't done.

And he wanted to know what I did do, and I told him, essentially, I hollered to everybody that'd listen to me. "And," I said, "I guess maybe the owners did the same thing. We screamed and hollered at everybody that'd listen. But that's about what it was. We couldn't do anything else.

Well, he had his crew outside, wanted to know if I would be filmed in a short interview, and I said I didn't want to. I didn't have any particular desire. I said, "What do you think I'm going to say?"

He said, "Say just what you told me, that you hollered to anybody that'd listen, and you went to anybody that you thought might help you, but that was about all that you could do. Say just exactly that."

Well, I wasn't about to get into that one. I know what they can do in taking statements out of context, how they can fit it into a program of this kind. I went back on the plane Sunday night, sat with Senator [Chic] Hecht, who was going back, and I told him of my interview, and told him that the man had made up his mind, I was sure, about what he was going to say, and that I knew, when he left, essentially what he was going to say. I could tell from his attitude.

And Chic told me the next day, or day after, that it was on the “Today” show. I think it was that Monday morning. I didn’t see it. And I said, “Well, what did he say?”

He said, “Exactly what you said he was going to say.”

And I understand the documentary did very much on the side of the welfare people, very much on the side of this behemoth on the Strip had finally aroused enough to settle it. I suppose they brought up other facets. Of course, it’s things like this that, sometimes, destroy a lot of faith in these so-called documentaries, because this one—and I’ve seen others—was made, really, to borrow an expression that I use quite often with it in things of this nature— [by] writers [who] come in only to prove a foregone conclusion. They’ve already made up their mind, made their conclusions, and they’re just looking for things on one side or the other, and put together in such a way that they can prove it.

We had one other flareup from it later on. And I got to know Ruby Duncan a little bit better. If you make allowances for this Never-Never Land that she’s kind of wandering in, she’s not a giant intellect, or anything of this nature, but—in fact, a little to the contrary. But I firmly believe that she believes in what she’s doing, that she believes that what she’s doing is right. I think she probably overestimates her importance and role in it, although there is no question that she is the acknowledged leader of these Welfare flights groups. She has more intelligence than the average run of them, or most of them. She’s aggressive enough, and has a lot of gumption. She’ll get up, and she enjoys her role of being in the forefront, and being a star of a show like this. Sometimes, I think she enjoys it quite a bit. But I wouldn’t imply by it that she was at all insincere, or that she was doing it for this purpose, of getting

into the limelight. She certainly is sincere, and believes in her cause, and she has, in my opinion, many things on her side. Some of the things she’s fighting for, I would have to say, she’s right in.

This second episode went a long ways. It went before the county commissioners, and Clark County definitely got into a box when they started supplementing these people with their state welfare. That story can be told by people that know it better than I do. But basically, when they started out to supplement this thing, there weren’t very many people on the rolls. In a period of about six months, again, the Welfare Rights people, and through Ruby’s organization, the state Welfare Rights Organization, and the national, with these attorneys, who are assigned to defend these people. Jack Anderson was the public defender, a very sincere young man, good attorney, and Mahlon Brown III represented them in their capacity in their government program, in which they’re really their client.

And, of course, the key of this thing is—and this is something that some people dispute more than I do— one of the functions of the Welfare Rights Organization, Ruby’s organization, in the state, or nationally, is to get people who are aware of these things, people who know their legal rights, to inform these people of their rights. Actually, they make no bones about the fact. They go out and beat the doors to inform people of their rights, and get them—put ’em on the roll. They help them get on the roll. They are entitled to it, and an awful lot of ’em don’t know it. A lot of people resent that. I don’t. I think that this is the function of their Welfare Rights Organization, of the people who are supposed to look out after their interests. I know it’s aggravating. But I can’t blame them for going out and recruiting people, taking

them down, and putting them on the welfare rolls when they're entitled to get it. And this is really what happened. The rolls just swelled immeasurably. They were out beating the bushes, digging these people out, and putting 'em on the rolls.

And, of course, that's all part of history. Clark County's funds broke down the first year. They didn't even get through the first year, just went from a very relatively few people on the roll to a couple of thousand, in just a matter of six months. And, of course, this was the heart of the second problem. They wanted to be retained with the county supplement, and they weren't about to submit to having it taken away from 'em.

Once again, Ruby started her campaign, and just announced that they were going to dine on the Strip, that if they didn't get this and they were taken off the rolls that they were taking food out of their mouths, and they were "stahving" people. They weren't starved. [It] is an integral part of her vocabulary. It's always—people are "put down," or they're right in there being "stahved."

The Ministerial Association got into it. I met with a group of them once. I guess I get into the middle of these things because, basically, I'm sympathetic to some of their cause. At least, I know they have a problem, and I feel that it should be solved, and I feel they should be treated better than they are. That's a personal feeling, and anybody that's ever contacted me understands that I'm not expressing the feeling of the official position of the people in our organization. But the Ministerial Association was working very hard to get them to—. It was obvious that this supplementary program was going to run out. The county was going to run out of money. Then, the question was, "Do they just keep up the program for as long as it'll last, another two or three months, or do they

try to stretch it out into the next year, when some more money—but not sufficient—some more of it would become available?" Of course, the welfare people weren't about to have one penny cut off. They felt it should be supplemented, and, of course, that got into a big feud between the state and the county.

And they just virtually announced that they were going to dine on the Strip (this was the way Ruby put it), that if food was taken out of their mouths, why, they were going to have it put back in by the people who could best afford to do this.

It's a little confusing, in a way, and something, I guess, that never will be understood, or will aid in improving communication between the groups, the *haves* and the *have nots*. I went to some of the county commissioner meetings to see what was going on, as much as anything else, and not to get into the picture, [and saw] these women get up and start to talk about being starved, and their starving children, and so forth; and yet, obviously, they have just come out of a beauty shop—or, at least a home beauty shop. They were well dressed, rabbit fur, and the things that went with it, and not at all the type that they are [describing]. Of course, they were mothers, and people on the roll. And they'd come and say they were being starved, their children were being starved. Yet it's pretty hard. I saw the reaction of girls in our office and other offices, who'd say, "Well, they're dressed better than we are—or, as well, at least. And they certainly don't looked starved." That's another common remark. Many, many of them, of course, go well over the two hundred-pound mark. Of course, the answer to that, I think, is the fact a lot of welfare people claim they have the wrong diet, have a fattening, starchy diet. But anyway, it is kinda confusing. Some of these mothers got up and just virtually said

that if they were taken off, they were going to—I can remember one of ’em saying, “We’re going to walk in and eat with you in your \$100,000 homes, and we’re going to swim in your swimming pools, and dine at your table.” This was a threat, and this is the unfortunate part about it. It stiffens resistance on the other side. Obviously, public sentiment isn’t with them. You take any crosssection of public sentiment, I’m sure that it’s against them, at least two to one.

They did some dickering with us. It got down to the point where they marched, and they sent a representative group of mothers around, and just announced to the various places that they were coming in, they were coming in with their children, and they expected to be fed. They tried to get to the head man in each place, or as close to the head man as they could get, and told them that they had a schedule. They decided that the hotels were going to feed them when they were taken off the supplemental roll, that they weren’t going to be starved, and that it was up to the hotels to feed them. I think they were going to spend a week at each hotel. They had a period of time, and they had a calendar. And they said, “Now, we will be in your hotel on Monday, the fourth, and there’ll be approximately three hundred of us, and we expect to be fed.”

Now, up to this point, and in all of the announcements that had been made, and the discussion that would go on, for instance, in the county commissioner’s open meetings, when feelings would run rather high, they would emphasize the fact that, “When you feed us, you’re going to feed us steak. You’re goin’ to feed us the best you got. We’re not going to take just anything.” And, of course, this, again, is an unfortunate approach. It’s like the other approach, of the well-fed, well-dressed women getting up and pleading that

they were being starved, and so forth. It’s incongruous. It just doesn’t fit. And I’m sure that this isn’t all one-sided, that there is an explanation of it. But anyway, this was the word that was goin’ around: “We want the best you got, and we expect it. We goin’ to ordue the best that you have.”

Most of the cases, they didn’t get to the head man, so they would leave word with the secretary or somebody that they could talk to, and it was more or less of an ultimatum, notifying ’em they would be in here at this time, “And if we don’t hear contrary from you, we’re going to assume that you agree,” which, of course, is supposedly a clever maneuver, to turn the question around. And I began getting word from these places that this was the word that had been left with them, that they were going to be in at a certain time. And they had a schedule outlined.

So at that point, the Sahara was supposed to’ve been the first on the list to which they were coming. Well, again, now, a hotel [needs answers] to the questions, “What are their legal rights? What do they do?” It’s a tough situation. They were warned if [the] people come in, they’ll have these little children by the hand. Now, you’ve got a problem of having them frequenting a gambling casino, or the pit. It’s going to be pretty hard for a crap player to keep on playing at the game when they’ve got a number of little children, and they’re shrieking they’re bein’ starved because of the terrible condition of things, [and] pointing up probably the most festive and glittering place in the world, and then two or three miles away, where they claimed squalor, dirt, and ignorance, and so forth.

We had a number of meetings on it, and finally agreed that the best thing we could do, and as far as we could go, would be that we would petition the governor and the county commissioners to meet and settle the

problem. Now, this had gotten down to the point where it was more of a struggle between the county and the state, and each one was worrying more about losing face. And really, the welfare people were in the middle, and so were we, as usual, that was the place we'd got maneuvered to. Most of us felt—I felt very strongly—that it was something that, if you could get—. (It's like a labor-management war; you're never going to settle it until you can get 'em across the table, and everybody talking over the same problem, and not each telling their problem to the newspapers, and hurling challenges back and forth at each other, or meeting separately.) It was just something that needed a conference of this kind. And we did agree that we would go that far to ask it. We didn't think we were being out of line in doing this. We did get to the point, when I called Mahlon Brown [III] and Jack Anderson, who are dedicated young men, men who, I'm sure, are dedicated in the cause they're employed to defend, and yet I know are reasonable enough, and are really interested in the welfare of these people, and try to apply a little common sense and a little higher degree of intellectual ability, or legal knowledge, to keep them out of trouble, and yet help them with their problems.

So we did go; Herb Jones went with me, an attorney who represents many places, and we did go and we sat in their office. He talked to Jack and Mahlon, and told 'em that we felt we could go this far, and this was all they could expect us to do, and that it would do a lot more toward solving their problem than the program that they had outlined. It obviously was going to bring hard feelings, confrontations, and everything else, and it was going to merely intensify the problem, rather than solve it.

Of course, they explained their position, in which they agreed—they were always

trying to tell these people to be a little more moderate in their approach, yet not give up trying to get what they felt they were entitled to. They weren't backin' off on that an inch. But they—it's the way that they would do these things. And they made it clear that's all they could do. The welfare mothers—the mothers' Welfare Rights Organization was right next door to 'em, and some of the Welfare Rights people saw us go in. I know them. They've been in the office on occasion. And they knew we were going in, and guessed what we were going in to talk about.

Ruby, at this time, was back in Washington, trying to get the support, again, of the national organization, as she did once before. But when we told these people, intermediaries, so to speak, what was goin' on, what they were doin' to the hotels, and the programs they were giving, that we thought that this was the best we could do, if they were willing to go this far. "Now," they said, "We're not going to take sides." (This was another thing, of course. They're always tryin' to get you to take one side or the other.) They just made it clear they were not going to take sides, and, again, I'm sure, from a position that most of 'em would be the first to admit that they knew nothing about the problems. They didn't know the ins and outs of it. They just knew what they read in the newspapers, and sometimes, that's a little dangerous. So they said they wouldn't take sides, but they would go this far, providing we made it clear when we went in we were not there to make deals with them. We were not to dicker with 'em, to negotiate, [or] anything else, just to tell 'em we *would* do this much, *if* they would agree to postpone any action until we saw whether it bore any results. But we wanted it strictly understood that it wasn't the opening gambit of a negotiation, that this was exactly our feelings, this was what we would do, and it

was virtually [on] a take-it-or-leave-it basis. In other words, it was just all we could do, if they would do this. We wouldn't do it if we didn't have any choice from 'em, if they were going to at least postpone this program that they had in mind.

The attorneys, the people that I've mentioned, Mahlon, and Jack (I think there was somebody else in there, another young attorney), explained that they could only advise these people and they would do what they could. They would carry the message to them, but they could only set it up as we gave it to 'em. They [the welfare people] were very sensitive about being told what to do. They were running their own show. The attorneys in this government office that's set up for defense of poor people said, "We'd do it. We can't give you any assurance of what might happen from there."

We found out that, sometimes, [even] as you start out with good intentions, [and] it appeared that it was a sensible proposition, and that it did give indication of some concern, but we found out they immediately resented it, and sent back the message that if there was going to be any discussion, why did we bypass them and go into the attorney's office, when they were the principals, and they'd do the talkin'. If we had anything to say, to say it to them. We made up our mind that we weren't going to do this, because we knew that these attorneys and these people would understand our position, and, of course, they obviously took it as the opening gambit of the negotiation, which, again, we wouldn't do. Of course, we had to just send word back, "Forget it. It wasn't a negotiation. It was just strictly an offer as to what we felt we could do, and that was it." So things broke down there.

I did have some visits in the interim from the Ministerial Association that was very responsive to their needs, and to their

problems, but, again, made it clear to me that they did not encourage the march. They did not encourage this kind of tactics, [but] that they would defend them—and they did. They appeared at all the county commissioner's meetings, they tried to get public opinion. And, of course, from this source and others, they tried to get the Strip people and the [Resort] association involved, because, again, I think, and I'm sure, that our influence and power is overrated. There's no question that it's the main industry in the state, and it probably should be listened to, to some extent, from this point of view. But they did try in every way they could to involve us in it.

I tried to explain to these people that we just couldn't get in the middle. We just couldn't take sides on this thing. I have always been the person that they've come to, because they sense that I at least have a sympathy for their problems, and they don't know where else to go. But yet, a lot of these people explain to me very carefully that they only come to me because they know I'll listen, and they don't expect me to solve their problem for 'em, or they don't think that I can solve their problem.

We had gone into the Christmas Basket program. I had started talking to some of our people. The Welfare Rights Organization had also started in a food gathering program, in which they were going to go [door to] door. And the Ministerial Association helped them in this. They were going to ask for their groups to donate food to them. So I had started to approach some of our people on a program of two or three months, in which they would donate food if they wanted to. It was surplus food. Obviously, they could buy cheaper than most anybody else could, and if they wanted to do it this way, each one put in a small amount per month, we could provide some sort of aid to them. And I had gotten quite a lot of little favorable response to it. In

fact, I thought I had it about sold. A couple of hundred dollars a month, either in food or in cash, doesn't mean that much to these people. They have tremendous expenses. It's petty cash, as far as they're concerned. But if you multiply it by everybody in the area, it would give some aid.

The reason that I felt this should be done, more than anything—and the thing that I believe that these people have on their side, more than anything else—is that, as an industry, and as middle-class people in this economy, we should at least go far enough to let them know that we care about 'em, and we care about what happens to 'em, and I think it should be done. I think this is an important thing. This is an immense industry, and it's a kind of a hard-shelled industry. And I would've liked very much for them to at least give some gesture of caring about what happened.

There's no question there was a problem here, and that they had things on their side. I don't believe that people can live on what has been allotted to them. And, again, I get into the position that I expressed before, that I've taken on legal gambling. I don't think any of us can take all of the blame, or can assess the blame, for getting into the position we're in. And I don't like it; I don't like being in the position that we're in, in a welfare state. I would very much wish that steps had been taken a long time ago, that we didn't get this far. But we have. And the place that we have to start from is where we are, and not start recriminating as to how we got here.

My objection to the hard-shelled people that just take the attitude, "Let 'em starve," and, "They don't want to work," and bla-bla-bla, is [that] I think most of them argue about how we got here, and of all of the things that've happened to us that we shouldn't've done, and, "We've let 'em get away with this," and, "We've let 'em get away with that, and to hell with 'em."

And I don't believe that as an individual, and I very much felt and hoped that our group, and our industry, would at least go that far. I would hope that they would do it for the motives that I've described, [but] I was quite sure they wouldn't be as susceptible to those for the same reason, that they're involved in their own problems. But I did try to sell it on the basis that it might be a little to their own advantage. It might forestall things like this happening—and if they did give some indication—. This is the thing, basically, that I think is more the root of it than anything else, that I gathered from the Ministerial Association, from the people that I talked to, that they had the strong feeling (and to a great degree, they're correct) that nobody cares. This group, this section [gaming industry], just doesn't care what happens to 'em. They could talk pretty reasonably when you got 'em down to the point (I'll expand on that a little later, in recounting the history of the negotiation).

This broke down, this program of mine. I just about had it sold when I ran into some opposition in one very strong element of the organization, who just said, "If we do, this is going to start them comin' back to us again, and we will absorb something that we just can't continue to handle." And probably, they were right in this. I was a little emotional. But they just said, "Now, we'll be expected to come on any problem they've got, and they'll come back again and again. And if we promise it on a three months' basis, or to extend this money, until July first, they'll be back at us again for something else." And this is, of course, the history of what does happen in an organization of this type, particularly with the gaming industry.

The part that I'm relating now was right around November or December, the beginning of the Christmas season. And we

agreed that a little help doesn't mean that much—I mean, it is Christmas, and we're willing to give money, or food, or anything else, just in the spirit of Christmas. Because these are not selfish people—I mean, they're generous people. They always have been. They're generous in money; it's a commodity that they trade in. They don't shrink from things of this kind, because they're not niggardly at all; far to the contrary.

So about this time, from other sources, wires started going out that they were going to handle the Christmas program. The sad part about this, as quite often happens, [it was] started by people who had axes to grind, who had reason to get some publicity from a program of this nature, and this Christmas season, and this marvelously charitable gesture, and I think that's unfortunate. Of course, immediately, getting onto the bandwagon were a number of the officeholders, and legislators, and political people, who, I'm sure, many of them did feel, as I did, that these people should have help. But also, it's hard to assess the degree of feeling in that nature, and how much of it is also getting on the bandwagon for what it's worth.

And these things get away from you. Telegrams went out for a meeting, in which all the places were going to be asked to contribute—the goals were quite high—and to come to this meeting. Well, I started getting calls from our people, saying that they thought that this really affected everybody, and was a[n] association problem. This is an old, old approach in drives of this kind, of pitting one person against another. And rumor goes around, and they're saying, "So-and-so's going to give so much," and, "Oh, let so-and-so come up," and no plan or reason, nobody knows what the other one's going to do, and they said they thought we should go into this on an association basis. So everybody

stayed away from it, except one wellmeaning member who didn't get the word that they weren't going to go to it, and that we'd take it up as a group. And—well, there was actually two well-meaning members. One had already started. So anyway, they attended the meeting, and I think they came up with—each one of the places that attended said they'd give \$5,000 to it. And it so happened that each one of those places represented had two places, and really were thinking that this was a donation from two places. The rest of 'em stayed away.

I went. It was a large, large meeting. And all of the Welfare Rights people were represented, a great many of the officeholders, or politicians were there. The plans were going on quite grandly, but terribly disorganized, in my opinion, as these things generally are. And there were representatives of every welfare place, Salvation Army, Catholic welfare, various individual places, and they all agreed to make this a splendid Christmas program.

It didn't take me long to find out that a lot of the good people—and they were sincere people who were interested in these programs, and interested in the poor—[had] gotten off to a very false start because of the commitment that they made to these places. They did some very simple arithmetic, and decided that \$5,000 per place—. I got a number of inquiries— as to how many places there were downtown on the Strip, and when they were told there were twenty-five or thirty, they immediately visualized a pot of something like \$100,- or \$150,000, and there was going to be a grand program. They were going to give Christmas baskets to the needy, and they were going to take this on in the grand manner.

I had, by this time, [been] getting some commitment from their people, but not in anything of this nature, not going quite this far. It was a substantial contribution, and we

decided that two of the places, at least, that belonged to our association had come up with some—. One place withdrew and said they'd do whatever the association did. The other one had come up with \$5,000. And so we finally agreed to come up on a voluntary program of \$20,000 to add to it. And, of course, plans had progressed pretty far. I think part of this was 'cause there were so many people in it. When you'd go into a room, there was maybe a hundred or a hundred and fifty people, each taking the floor and expounding their ideas, and nobody really planning. And by the time I got to it, we were committed to the \$20,000.

But I had made clear before, something that I feel very strongly on, personally, that the gaming industry is the main industry, they're the base of the economy, and they create an economy that [is] responsible for the industry of the whole community, and that certainly, they should be expected to take the forefront, but that I expected it to be a program that brought others into it. But I found out, even from the members of the Ministerial Association, I said, "Well, who else is coming? Have you gone to the banks, the power company, the gas company, the utilities, the dairies, the liquor distributors, all of this vast group of people who make their living because the Strip is here? What are they going to do?"

And he said, "Well, we decided we would make it purely a gaming program," which is typical of the feelings of some people. In the first place, it's easier to contact twentyfive people, and particularly, as they generally try to do it, through one place. I found that it was very apparent that they were setting their planning on \$75,- or \$100,000 at least, and maybe more, from the gaming industry alone, and they're already planning to dispense this.

I questioned them, I said, "It seems to me that you've got two primary things to

do. You better find out how much money you've got, and you better find out how many people you've got to serve, and make some connection between the two."

Well, they weren't about to listen to that. They were already committed to the fact that they were not going to go on a chintzy basis. It was an insult not to come up with a nice basket, and, of course, they were going to buy it through one supplier. They did let them bid on it, and these people agreed to furnish it at a reasonable cost. But I found out that they had planned on a Christmas basket that cost twenty-five dollars net, at whatever cost they could put for twenty-five dollars a basket. But they didn't have any idea as to how many people they had on their rolls. The Salvation Army came, for instance, and said, "We'll take care of so many people." The Catholic welfare would say, "Well, we normally handle people in there." But nobody was planning this thing at all. It was just strictly, "We're going to—."

I said, "Well, supposing you run out? Wouldn't it be better to have an eighteen-dollar basket that went all the way, rather than leaving some people out? You don't seem to know—."

No, no, they weren't going to do this. The opposition to this got up and immediately brought it down to say, well, I was suggesting they give 'em a five-dollar basket, and that was an insult, and they were not about to do that, and they expected the community to come up with it [the money].

I merely pointed this out to 'em, said, "Look, we're not running it, and it's your problem. It just seems to me this is a fairly logical approach."

"No. We've already planned too far," and they were going to come up with twenty-five-dollar baskets. And, of course, we had enough, on that arithmetic, for a thousand people.

When it came up to who else was going to contribute, I said, "There's a lot of places don't belong to the association. Have you gone to them?"

"We will go to them. We'll go to them."

"Well, you may raise some more money there."

Some people did point out the fact that somebody ought to find out how many people the YMCA was taking care of, the Salvation Army was taking care of, and subtract those, and go at it on an orderly basis; but they don't go at anything of this nature on an orderly basis. They go at it on an emotional basis.

And so I'd done about all that I could, and I withdrew. It was agreed amongst our people that it was strictly a voluntary program. Those that wanted to, could participate; and those that didn't, didn't have to, but that we would underwrite it for that amount of money. Then I could see, in the minds of some of these good people—and I say good people advisedly, because they were very charitable—I could see their arithmetic was going to \$5,000 a place, multiplying it by approximately the number of places they were sure of. They couldn't understand, when I would say, downtown and on the Strip, there twenty-six members of our organization—of course, they knew there were some outside of that. And I tried to explain to 'em that there was a little difference in comparing the International Hotel, for instance, or Caesar's Palace, with the Club Bingo downtown, a tiny place in comparison, maybe not one-hundredth of the size. I said, "You're placing the contribution you think should come from the largest places, and multiplying it right down to the smallest ones, and assume they're going to come up with the same amount of money, and that's not right." But they obviously were in some trouble.

I did point out to them, why don't you go to some other segment of the community?

This just shouldn't be something that the gaming industry should carry." This is one of the problems Las Vegas has always habitually [had]; their idea of fifty-fifty with the gaming industry, traditionally, has been a rabbit and a horse. The gaming industry put up the horse, and the rest of the community puts up the rabbit, and that's fifty-fifty.

I came and made them a present of a check for \$20,000, which I didn't think was bad for a program of this sort. I could see there was disappointment. I will say for 'em, they were polite enough not to express their disappointment, and they did thank me and the places for it, said it was very generous of 'em. I knew they didn't think it was. Finally, I did get a call, when they finally found that they were short. I told 'em something that I know is true. I said, "In the first place, business runs by net profit (and at this time, the business was not that good on the Strip). Business runs by net profit, and I will guarantee you that there's a lot of places in the community who have a bottom line figure larger than these Strip hotels—some of these wholesalers, and utilities, liquor dealers, food purveyors, meat purveyors, who purvey on a large scale, dairies—everything of this nature, business that the Strip creates. Their bottom line profit's better than a good many of these hotels." (I knew that some of 'em were actually running at a loss.) "Well, why don't you go to them?" Well, they did make one call.

I think it was a Saturday afternoon, or a Sunday, right at the end, and when they saw they were going to be a little bit short, wanted to know if I'd go to these places for them. Again, they're looking for somebody to front for them, somebody to carry it for 'em. And I said, "No." I thought I'd gone pretty far with what little I could do to [get] the Strip people go as far as they did, and I certainly was not going to be the one. I said, "You people that've

put this together, why don't you go to 'em? Probably anybody could come up with at least twenty-five large places. Let them come up with some money."

Well, they agreed that maybe it was a good idea, but again, they couldn't decide who was going to bell the cat. And [laughing] it was a last-minute thing, and so I don't know whether they ever got to any of 'em. If they did, it was very sparse. I don't believe they did. I think they distributed what they had.

I asked them how they were going to screen these people. You couldn't get an exact agreement as to how many people. They figured, some of 'em, three thousand. This was more than was on the welfare roll, but they said, "Of course, all the hungry families aren't on the welfare roll." The only answer I got out of Ruby was just a very calm and confident assertion, "We know who they are. We can do it."

And during all of this business, this negotiation, and when the people were desperately trying to get some contact with the gaming industry to help demonstrate their desire to solve this problem, all of the contacts were being made in the name of Ruby Duncan, who was president of this Welfare Rights [organization]. She is the guiding spirit of it. They look to her. I tried to convince these people that this was the biggest handicap they had, that it was not right to expect these people to respond to Ruby Duncan, who was the symbol of all of their problems, who had led in this Strip march, who had cost them tens or hundreds of thousands of dollars, who was threatening them again with tactics of this type. And I said, "If there's anybody that they would react negatively to, it would be Ruby Duncan. And if you're going to get some help, you've got to use somebody besides Ruby to get them to respond to. They're just not going to respond to Ruby Duncan, and

I don't blame them one damn bit. She's the symbol of everything that's happened to 'em. And now, you come with your hands out, and she's going to get the credit for solving this problem, and they're going to contribute to it." I'm sure some of the ministers understood this, but, of course, it was a difficult thing to do, because, as they explained to me, "She is their leader. They look to her, and there's just no way you can deal her out. She isn't about to be dealt out." This isn't any personal antipathy of mine to Ruby, because, as I say, I have a lot of respect for her, and for her sincerity, and what she's trying to do. And I know she's not quite as bad as she appears to be—I mean, as her public image would indicate—to people who disagree with her. Of course, she's building her own power. If she distributes food, she's the one that's got it for 'em. She's building her own organization, her own personal power, her own personal hold over these people, and I'm sure this is not unnoticed, or isn't accepted that she doesn't accept this as part of the game, although I wouldn't say that was her sole motive. Ruby tells you, "We know these people. We'll decide who gets the baskets and who don't." And, again, that's a little difficult.

Anyway, as far as I can find out, I think they raised— besides the \$25[,000] that all came from the gaming industry, \$20[,000] from our members, five of it from people who were our members, and we counted out of our own program because they'd handled it on their own, and already gotten committed to it. So \$25,000 came from the gaming industry. I believe they came up with a total of \$27,500. Some figure like this. And the thing went on. They handled it through slips that they gave out, and somehow, they staggered through it. I don't know how much good it did, but at least it demonstrated—I don't think should be the most important thing to 'em,

but it was, I'm sure, the most practical—at least, it demonstrated that this industry was not completely deaf to the needs of people, especially at Christmastime. And I thought it was a good gesture for them to do, and I'm sure that's why they did it, to show that, at least, at Christmastime, they cared about other people. Now, this (I switched back) is the background of what happened around this time, before the march that Ruby and these welfare people were planning, that I recounted. We had this behind us. We had this \$20,000 donation. They admitted that it was very nice, and they appreciated it, but, "That was something you did for us yesterday. That was in December, and now it's March or April. We've got another problem, and we're comin' to dinner." And so now, I go back to where I left off, to the negotiations [that] were in process.

By this time, things broke down, and it was obvious they didn't accept our proposition of trying to get the two sides together. They were going to proceed with their plans. And so now, the question was where and who. Apparently, the Sahara was number one on the list, and they were going the following Monday.

For some reason or another, it switched, and they selected the Stardust, and they didn't give too much notice on that. Now, here, again, is another illustration, I guess, of how people think, particularly people in this position. Sometimes they go to some of those that they feel are maybe sympathetic, or at least more apt to be generous than anybody else, and they're the ones they select. And in this instance, the Stardust was one of these organizations that I said came to this Christmas party and said, "We'll give \$5,000," made a very generous gesture, and actually got us into the hole, because we didn't expect all our members to go quite that strong. They are a generous place, and they're run by people, the management group, or the old-

time gambling group, and they're generous. And I think these people sense this. So the Stardust, really, was probably, as one of the execs expressed it, "I think they're coming because they think I'm a nice guy. I'm a little easier to impose on," and maybe there was some of this thinking in it. They did go to the Stardust. And, of course, the Stardust immediately made their legal plans.

Now, about this time, the day that they had made the announcement that they were going to the Stardust, going to start their march, they came to me with another proposition, an incident that had happened before, and as liberal as I am, I resent a little bit. They were being hauled around in government cars by a young girl who obviously was hot for their cause. She brought Ruby and her group here in a government car, and she steered them here, and sat in on the negotiations, in which, now, they were going to demonstrate against private industry, and I don't think any government agency should be involved in it. A lot of these people in the Economic Opportunity Board, and some of these places, are emotionally involved in this. They believe in the thing. They're as dedicated to the program as the people that work in it.

So they came to me, and they suggested, "Look. If each of these places will feed us one night, we'll march in peaceably, and go to wherever they select. And we'll sit down and behave ourselves. If they'll feed us, we'll eat normal fare. Now, we don't expect to be served steaks or lobster, or things of this kind. If they feed us what they feed anybody else—. We don't want to be fed kitchen scraps. If each of the places will do this once, we'll settle for this."

I got a call from one place that immediately thought, "Well, what's wrong with this?" Of course, they were using it as a symbol of support. They were using it, trying to

demonstrate that, "This powerful industry supports us in our cause." And I knew that there would be some objections to that, but in my own personal philosophy, if it were up to me, I would do it, because I did support the cause that much.

I knew some of 'em, at least, would consider this. Some of 'em, I'm sure, wouldn't, because there's as much of a cross section in the ownership of places like this as there are people. There're some of 'em who are sympathetic, basically, as I am: there're some of 'em who are hardheaded, and take the hard-headed viewpoint that I would say the majority of American people still do, and say, "To hell with 'em. Let 'em starve if they don't like what they're getting."

And so, as usual, I got maneuvered in the middle, where this one owner, who was not noted for his tact (he's a nice person, but not noted for his tact in situations of this kind, a little impulsive) said, "You go and talk to Bob Cahill in the association, and I'll do it if the rest of 'em'll go along." And so they did come to me, and I immediately explained to them that I couldn't make any deal of this kind for the people that I represented. Furthermore, they indicated to me that he was going to do it. This was where they started. He had committed himself. He was going to do it, and [had said] to come to me and see if the rest of the Strip wouldn't follow along in the same thing. They said, "We will do nothing else. This is all we will do. We will not bother you in any way. We will not demonstrate in any other way. We'll be peaceable. And if you'll just do this, we'll call off the whole deal. We'll settle for this."

Now, this was the afternoon that they were scheduled to go into the Stardust on their demonstration. I said, "I can present the problem," as I always told 'em in a situation of this kind. "I can present the

problem, but that's all I can do. It's going to take me some time to do that. I just can't get a problem like this submitted to twenty-six places in the next two hours. It's a long, involved process. But I can't tell you that they're going to do it." And, of course, I got the idea, from what they were telling me, that this one place, one of the major places, *was* going to do it. And this way, they put everybody else in the hole.

I could tell I had a—I don't know whether *hostile* is the word—but a very unsympathetic person in the form of this little girl, who was an employee, and had the federal car. She was red hot for their cause, and she didn't much like the answers that I was giving her. She felt I was evading the issue, and I told her very flatly that probably they would feel I was evading the issue, because I couldn't give 'em any answer.

But anyway, I didn't bring the point that I should have brought to 'em, that they were scheduled to go in—they didn't tell me what their plans were, but they were scheduled to go into the Stardust that night. So I did call Ruby back, and I told her, I said, "Now, Ruby, you know that I can't tell you that these people will go along with this. In my personal opinion, some might listen, and some might not. But I can tell you that if you go through with this Stardust demonstration tonight, you'll put us in a position where we can't do anything, I'm sure." I said, "You understand what I'm telling you, that if you go in, I'm not going to try to tell you what you're supposed to do. If you go into the Stardust, you're going to hurt your cause, because you're going to start something you can't undo." I said, "Now, do you understand this?"

"Yes. I think I understand. Yes, I understand."

I said, "I'm not going to ask you whether you're going, or whether you aren't, 'cause I

know you probably wouldn't tell me. But I want you to know it."

"Thank you very much."

But they did. They went into the Stardust and created quite a problem. It upset the place. They went in, and took all their youngsters, and they ordered steak, mostly, and went into the steakhouse. Some of 'em made it, and some of 'em didn't, and created quite a—. The Stardust claimed that it cost them tens of thousands of dollars in lost patronage, and food. They did behave themselves pretty well. They had the children dressed up neatly and nicely. Again, they got the general reaction from people sayin', "Look, their kids are better dressed than my kids are," which, of course, is an unfortunate problem of communication, of understanding each other's position. But they did. They created quite a ruckus.

They announced they were comin' back again. And they came back the next day at noon. I went over there to see what was goin' on. I knew what was goin' to happen. I knew that the attorneys had prepared to ask for an injunction—were going to ask for an injunction, and were going to prefer charges against the leaders, Ruby Duncan and Mary Wesley, to get an injunction against them coming on their property. But I don't think something that was commonly known—they couldn't get the injunction unless they filed a suit, because the injunction had to be, as the basis of a suit that was filed, to leave things in status quo. So they had to file the suit against the leaders. I think they named Mary Wesley and Ruby Duncan, who were the acknowledged leaders of this, in order to obtain an injunction to stay off their property.

And so they did, and Ruby showed up again, and in the EOB car. I didn't know the car that came up here. I had assumed it was a government license, an exempt license. It

was. It was the EOB car. They ran 'em down. And she got to the microphone and made a speech, and, of course, was photographed on television, and announced what they were going to do. And then, they were served with the notice of the suit, and the injunction to stay off their property.

And they did. They didn't go back that night. They made this demonstration at noon, and then they didn't go back that night. But they kept the pressure on us to get these places all to do this. Well, now, the die was cast. There was just nothing we could do. I tried to explain to 'em, and I don't think they ever understood that they selected one of our members, done untold damage to 'em, cost them probably tens of thousands of dollars, disrupted their business, came back the next noon and disrupted the business again. And then expecting the other member places of the association, now, to come around and support these people was just an impossible situation.

We had a couple of narrow escapes on it. I, of course, did call the particular place and say, "Look, you can't do this to us now. You just can't start something and break the line. We've got to stick together at this point." He agreed that they should stick together, and that he had never agreed to do it unless the other places agreed. But, of course, he put us in the hole by saying, "If they'll do it, I'll do it," which is always the starting point to break down anything of this kind.

At one point, I thought we'd lost it again. The rumor came that one of the group was going to do it. But, you see, again, this was merely a gambler (that's the title you want to hang on to), one of the old-timers. And the amount of money it cost to feed 'em didn't mean that much. He's a generous person who would give that to somebody else who needed it, or some other cause that needed

it, because they're not niggardly people. So he said, "Heck, I'm willin' to feed 'em." He happened to be one of the owners, and just said, "What's wrong with that?" And we had an awful time explaining to him that that wasn't it, but that it was the idea that this was their plan, to break down these places, and if one place went with 'em, then they'd use that to try to break another. So that didn't go through, and the thing kind of simmered down from there.

The suit, I'm sure, did some good. They got an injunction, and a little later on, got together. Through this court suit, they got together with the Welfare Rights Council and these people, and agreed to an injunction. And, of course, the participating place, the Stardust, was the only place that had rights of the court to get to that; but the judge, and the district attorney, and the attorneys for the Welfare Rights people agreed that if the other places wanted to enter the suit, for that purpose only, as a party in interest, they could, and that this injunction would be extended to the places that entered the suit for that purpose. And they did. I think all of them consented to being represented by the attorney representing the Stardust, to represent them and their purpose, and their names were put on this injunction, for what it was worth. At that point, the matters, as far as the Strip was concerned, simmered down, and I guess they gave up the idea of using the Strip again as the tool to obtain what they wanted.

And I think, this time, they finally saw the point, that this kind of tactics didn't get them where they thought that it would get 'em. And I hope that they will remember that, and do as they have done now, in the past year, I guess, or close to that, and use other methods to bring their problems to public attention, and not hold the Strip as a hostage, and use [it] as

the springboard for getting public attention to their problems.

* * * * *

We'll go into the \$75,000 grant that was given by the association members and the Strip hotels to the NAACP to further a minority training program and to improve conditions in minority employment.

Somewhere about mid-1969, I was contacted by people from the Hughes organization, who had said that sometime prior to that—I don't know exactly how long—the NAACP, and some representatives, local representatives, had approached the Hughes organization for a grant of \$1,000,000 dollars to be funded over a five-year period, \$200,000 per year, to aid in minority programs, the employment of blacks, and improving their condition. Now, this was about the time that I think most everybody was coming to Hughes, because he's, naturally, well known. He had a large amount of money, and everybody that needed money was seeking aid from him.

The Hughes people (I believe, at that time, Mr. Maheu was running the Hughes operation) told 'em to leave the plan, and they'd consider it, look at it, see what might be done about it. They made no commitments, but merely agreed to look at any plan that they might submit.

The NAACP, through a Mrs. Terea Hall Pittman, did prepare a brochure and a program for them. She was the San Francisco representative of the Special Projects Fund Division of the NAACP. They wanted to handle it through this Special Projects Fund Division, which was a tax exempt organization, although the NAACP, itself, is not, and so she had submitted a plan of sorts to this end.

About that time, somewhere in this process, the Hughes people were more active in the association. Al Benedict, who was coordinator of all the hotels for the Maheu administration, was president of the association; and all of the Hughes hotels were very cooperative and participated in the association very actively.

So they sent the word down that if there was a program of this kind, it should be done by the association as a whole, and not just the Hughes places, which, of course, was a proper and logical conclusion. And they suggested that the association look at a program of this kind. This was in 1969. [Charles L.] Kellar had filed his suit with the Equal Rights Commission that I have referred to before in this narrative, alleging discrimination in the practices. The hearings had been held, but there had been no conclusion on the part of the commission. They hadn't given their report.

The main premise of the Hughes executives that suggested that we do this is that there was a bad time, and perhaps we'd better do something to try to alleviate the situation. There was unrest. Kellar was promoting it in his capacity [as] one of the leaders of the NAACP, and as an attorney. And they thought something should be done, that we ought to consider it. So we did.

Now, this program was presented to Hughes, and then to us, by Woodrow Wilson, Dave Hogard, and Jimmy Gay, on behalf of the black community. They were active in the NAACP, and did receive assistance from Mrs. Pittman in submitting a program of this kind. (It was, I'm sure, quite similar to the one that they submitted to Hughes.) I went over it with the executive committee. Mr. Wilson and Dave Hogard met with the executive committee in which they outlined what they would like done, and why they

thought this should be done. And at that time, we questioned them, because, actually, these three individuals, in my opinion—and, I think, in the opinion of most of the hotel executives—were reasonable people, were good representatives of the community, and not a part of what might be termed the power structure on the Westside.

The Westside, as everyone knows, has for many years, and still [has] to some extent, a power structure that utilizes the problems of the black people to further their own resources. It became quite a lucrative thing for them; and most of the things they've done, they benefited from personally, and there was some distrust of this type, even though they put forth their programs and their contentions in the name of the entire black community.

We did trust these three people, felt that maybe it would get a fair shake if they administered it. I can remember questioning 'em quite closely on that. And while no names were mentioned as to the power structure over there, except possibly when they knew who we were talking about, we had a perfect understanding. We asked them if there was any danger of these people getting control of it. They said no, that this one they had control of, that it was their idea, and they had pushed it with the Hughes organization, and they could guarantee they would control it. We indicated to them that if this was the case, we would be interested in doing something that might help alleviate the situation.

As a part of the submission, it turned out that, in this \$200,000 grant, they had a budget of about \$75,000 a year to administer a program of this nature. Being a part of the NAACP, a national organization, I am sure the original plan of the \$200,000 a year included sending some money to the national organization, to be spent on a national basis.

We finally agreed that probably we would be interested in doing it. We'd sounded out some of the hotels, and they agreed that something should be done, and they would be interested in participating in a program. We thought we might accomplish something with it. So we fixed on the \$75,000, which we felt was ample, and from the beginning, we had some reservations and some conditions that were a part of this. One was that the entire amount of money would be spent in the Las Vegas community, that it wouldn't be handled so that some of it would go to the national organization, or outside. We felt the problems of Las Vegas were paramount, and that's what we should participate in. It was also conditioned upon the fact that if the hotels agreed to lead the way in this, and put up this kind of money, that other segments of the community should be solicited and should participate in it, also. It's the same old question of everybody coming back and dumping everything on the gaming industry. And we made that clear. And we also made clear the fact that, particularly, the labor unions should be involved in this, because they were a part of the problem. If we were willing to come up with this [money] to help solve black employment in the labor unions—that the unions are, very definitely, an integral part of this—and on that basis, we wanted to participate. We also assumed and intended that the thrust of this program would be in minority employment, because that was the problem that was plaguing us, and most evident at the time. It was receiving most of the attention. [We assumed] that they would cooperate with us in a training program, recognizing that this is the heart of any progress that you can make in this respect. You've got to train qualified people if you're going to be able to provide jobs for them.

At that time, the negotiations went along quite satisfactorily. We had one conference with Mrs. Pittman, but it was with this understanding that we agreed to go into the program and participate on this basis. The hotels agreed to go along with it, submit to a special assessment—provide a special assessment, produce this kind of money, if it would be done on this basis.

I had some private conferences with these same people, and at the time, they seemed to agree to this. And all through the conversation, it was made entirely clear that they would remain in control of a program of this kind, because they were people that we trusted, and we thought we would get a fair shake out of them. And negotiations continued. And then, I think I went ahead and made arrangements to raise the money to participate. We agreed to go into the program.

And about this time, in, oh, November, or early December, the Equal Rights Commission came out with their report. It was a split decision. Three members voted for the report. One member voted against it. And the other, a minority race member, himself, abstained from it. So actually, it was a report of three members of the five-member Equal Rights Commission. And I've outlined this before, how it blasted the association quite heavily for only providing menial jobs, and we weren't doing our part, and so forth, and also, that the complaint with the Equal Rights Commission had only been leveled at certain hotels, and it seemed to me there was some discrimination in selecting those. Originally, the labor unions were included in the complaint, but nothing was mentioned of that in the report. We were just merely told that that was coming later. There was some obvious maneuvering there to meet some special idea. But we were injected into the middle of this, and this was after we had committed the \$75,000, but had

made no further effort to raise the money, or to firm up the program. We had to file an answer to this Equal Rights Commission majority report, and we held a hearing down here. We made this \$75,000 program a part of our demonstration of our affirmative effort to correct this problem, that we were cognizant of it, that we were making an effort to correct it.

Kellar's complaint had some statements in it that were just not true. I think, later, he kind of shrugged them off. I probably have some copies of this in some of the correspondence that I'll leave as a part of the record that can demonstrate this. For instance, he stated in his filing that, "There is not a single dealer at the Fremont Hotel or any other on the Strip, Henderson, or elsewhere in southern Nevada, with the exception of three smaller clubs." Now, that statement is just completely untrue. The Mint Hotel, before that, had been working a training program for dealers. They trained them and schooled them on their own, and employed them. And they had a number of dealers employed. There was dealers in other hotels at that time—not a large number, because of the problems of training, and having qualified people, but nevertheless, enough were employed that made the statement completely untrue.

"There are no Negroes working at the front desk, hotel reservations, or otherwise," was another charge he made. know of one that was working at a front desk, just by observation. [He] said there were no Negroes employed as barhops, carhops, doormen, security guards, or a dozen other better paying positions. Well, that wasn't true. But, of course, it was a general statement, and I'm sure he would fall back on generalities. But nevertheless, it accomplished the purpose of getting the case before the Equal Rights Commission.

And by the time the Equal Rights report came out, in December of 1969, there were fifty-five Negro dealers on the Strip, alone, so they couldn't say that they weren't making some progress in this regard. We hoped that this program that we were helping to institute would help them in this respect, and also, demonstrate a concern on the part of the association. And for that reason, it was in our affirmative plan that was filed with the Equal Rights Commission.

We had always felt—I had, particularly—always felt that the biggest role that they (the black leaders) could play in trying to coordinate in an employment training program was to do the biggest part of the work in providing motivation, the desire to obtain jobs, the desire to be willing to enter into a training program so that they would be qualified, and not expect jobs without any qualification. I've always felt—felt then, and I haven't ever changed my mind on that—that black people can talk to their own much better than a white person can talk to 'em. They just don't believe, in many instances, a whitey, when he talks to 'em, where the black people, if we could institute a program of motivation and desire, convincing them that if they participated, that maybe there would be things that could be done to better their condition. This had been the subject of our talk, since we felt that was an important role that they could play in it, an important part of the program.

When this program became public, and we announced that we were going to provide \$75,000 for a program it may have been a little premature, but it had to [be announced] because it had to be a part of our answer to the Equal Rights report. When this became public, Mr. Kellar, just elected as president of the NAACP, immediately got in touch with us, and notified us that here was a program that

we'd already agreed to, and he was president of the NAACP, and didn't know anything about it, and he demanded— wanted the money, and said if there was money to be given to the NAACP, it should be given to him, as president, and he would handle it.

We, of course, felt an obligation to the people who had inaugurated the program, who had pushed it to this point, and who had virtually guaranteed to us that they would continue to be in control of any program that we would go along with. This situation went to an exchange of letters, and a little jockeying for position, I suppose. In letters we tried to explain to them our position, and our position with these people that had instituted it, and we thought that we owed it to them to at least talk to them first, and to see if they couldn't come through with a program as [soon as] possible.

We understood that this was a power struggle that would be fought out in the NAACP meeting, and I think that our people that we dealt with were confident that they could come out with it. But very obviously they didn't, because after the meeting they had, nothing much was said to us except that I received a letter from the original committee, changing their position quite a little, and not agreeing to some of the conditions that we had placed on it, which we had made clear from the beginning to them. I think that it was obvious that they didn't want to—. Even though we had committed ourselves to it, they wanted to withdraw from the program at that point. It was getting away from them, and they just didn't want to take part in it. And this left us in the unenviable position of having been committed to this, and now we were forced to deal with someone that we hadn't dealt with heretofore in the planning and funding.

We had nothing that we could do but to go along with the program. We tried to put as much control in it as we could—in other

words, we felt that we were coming up with this amount of money, [but] we felt that we shouldn't be in the position of trying to tell them how to spend their money, of trying to interfere in the administration of it, and tell them what they could and couldn't spend their money for, or evaluate it for 'em as they went along. We didn't want to be put in that position, because it's not a good position in dealing between races to—as Kellar, himself, expressed—”to treat them like children.” So we wanted to exhibit some confidence in them, yet we felt there should be some control.

A committee from the association, I think Mr. Walter Fitzpatrick, and Burton Cohen, and myself, met with Mr. Kellar and some of his people, in which we tried to come to an agreement on this end of it. We finally agreed that we would commit the \$75,000, irrevocably committed, and that we would deposit it in a special bank account with two signatures, one to be named by us (the president of the association, undoubtedly), and one to be named by them (who would undoubtedly be the president of the NAACP, Mr. Kellar), and that we would release \$25,000 of it in a lump sum for them to start their program and to start their office. As a matter of fact, the amount was so figured that if \$75,000 was to be a year's allotment, that \$25,000 would be enough for four months, probably more than that in the inception of the program. And that would give them time to get a quarter of operation, give us a report in the fourth month, allow us to evaluate the program and see what was being done, and to make suggestions as to how it was progressing, or any suggestions that we might [have] as to handling the program in the future, but not put us in any way in any day-to-day control, or any control over immediate expenditures or immediate problems. Then

at the end of that period, they would give us a quarter of the budget, we would release another amount for a quarter of the budget, and again review it at the end of that period, and review quarterly their progress, so that we could work mutually on what we were trying to attain.

This was agreed to. Mr. Kellar got the bank accounts. We were to make \$25,000 payable to the NAACP for immediate use. The other \$50[,000] was to be put into three interestbearing accounts with the two signatures.

I got the signature cards, I got them signed. We had had a little interim problem that delayed things for possibly a month, in that it appeared there might be a tax problem in it. And this was one of the reasons we wanted to irrevocably commit the money, 'cause we put it out of our control, and we put it into dual signature. We certainly couldn't ever get it back. And we straightened that out, what our position was then, and got the cards signed, made the checks out as agreed, gave the \$25,000 to the NAACP, had our signatures on the other \$50,000 that was to be placed in interest-bearing accounts. This was about April of 1969.

Once we had turned over the money, we didn't hear anything more from the program. Along about, I think, close to Labor Day—in August, or close to Labor Day—they made a grand announcement of the opening of their office, and they put a Mr. Jessie Scott in charge of the office. He'd been part of the negotiation, and he was a very competent man. We all were quite impressed with his ability, at least. (He just recently has been appointed as director of the Equal Rights Commission.)

I might say that in this, Mr. Scott was a part of the latter part of the negotiations. And in this, they made it quite clear that \$75,000 was not enough money, that they felt \$200,000

as originally requested was much more realistic. And Mr. Scott made that quite plain when he was dickering with 'em. "Let's try a little harder. Let's make it about \$200,000." Well, we felt we were doing pretty good to start a program on this basis.

Also, I should say here that the original committee, when they withdrew from that commitment, acknowledged the fact that we expected it only to be the start of a program, that other segments of the community would participate, particularly the labor unions. And they just very flatly came out and said they just didn't feel that they could negotiate beyond the Resort Association, that this was as far as they could go, again getting back to the same old picture that I've been pointing up all along. The attitude was, "Let the gamblers do it. Let the gaming places do it, and forget about involving anybody else." They just didn't feel they could go to a labor union, so this is where it ended.

So Mr. Scott opened the office close to Labor Day. The program went ahead with the \$75,000 we gave them. And I saw no evidence of anything from them. Along about December, I thought that we were long overdue for a quarterly report, and I began to ask for some accounting of it, just as a matter of information, and I was told that things were in a little upset condition, and there were some things that had to be resolved. They were putting a CPA, a public accountant—I think he was a CPA, having him make an audit of the funds. And it turned out in the audit that a good portion of the money had been spent, and it was very obvious that it wasn't going to last. This audit, I guess, came in February or March of the following year. And a good portion of it had been spent. The money was never put into joint accounts, even though we had signed the cards for 'em. At least, the money had all been withdrawn. We could find

no evidence of any joint accounts. The money had all been withdrawn, and Mr. Houssels [Jr.], who was president of our association at that time, and who made the signature on the account, had never signed any checks, so we just have to assume that our deposit was never made as agreed.

By this time, Mr. Kellar was retiring as president of the NAACP, and the new group [that] came in finally gave an accounting from the CPA of some of the money. I asked them what they had done with it, and they gave us some individual examples of things they'd done. Very honestly, none of us could see any real accomplishment, other than to provide jobs for people in the office. And they probably worked with the people of their community in their own way, but we could find no way that it ever was used as intended, and as we had agreed that it would've been used. We had been warned before, that as soon as this money came up for grabs, that there would be people maneuvering for control of it within the organization. And I'm sure this probably happened.

I pointed out to them in negotiations that I made with them, it took me some time to get it back before the commission. When they started to run out of money, asked for a renewal. And I told them they'd better justify the expenditures of the program they had, and they did, in their way. But they came in and made another request. I think they wanted \$150,000 for the following year. I suggested gently to 'em that they hadn't done very much with the \$75[,000]. How could they expect us to come up with more? They said, well, they were limited in what they could do with the \$75[,000]. (Incidentally, in the opening of the office, they asked for membership contributions, and a lot of us in the industry made individual membership payments for them.) But it was obvious, from their reports,

that practically all the money—there was some membership money in there—but most of the money that was spent during the year or so that the office was operating was money that we had put up, and there was nothing from any [other] sources. I think their total revenue for the whole project was about \$85,000, and \$75,000 of it was our money, and the balance of it was from dues, and social events, and money-raising, and so forth.

We didn't renew the commitment. They met with a full membership and made a strong plea for renewal, and, of course, made the plea on the basis that this was the first year, had just been the start, and that they'd get into gear in the following year. But I think most of the members felt that they'd come up with that much money, and it was down the drain, that better let it go at that, that we just weren't accomplishing what we had hoped we would accomplish with it. So it wasn't renewed.

Now, as a sidelight to this—and just merely to illustrate how people want to get into this picture in the name of aiding these people, helping them train and become more qualified for a job—I was approached by a very personable man, a very intelligent man, who introduced himself. I believe his name was Dr. Edmond Warner Bryce. He was a member of the board of trustees of Tuskegee Institute. He had some connection or had taught at Howard University. He was very active in the programs for betterment of the black people, and had been in one of the government agencies for a while. I don't know what department it was, but he did have a pretty good job in one of the federal agencies. He came to me as a head of his own firm, that was making studies on this program. They'd heard of Hughes' interest in this, and they approached Hughes, offering to make a study of what might be done for the Westside community, and black people,

how we might better train them, help them prepare, and how we might solve the racial problems of Las Vegas. And they indicated they were willing to make a report of this at the time. Now, they had seen somebody in the Hughes organization who evidently had expressed interest, and said, "That sounds interesting," and, again, as they had told other people, "We'll—if you'll give us an evaluation of it, why, we'll look at it."

And so he had been back to the Hughes people—evidently, this had been before we ever got committed in our program— and they had told him of this program that we'd gotten into, and that, again, on the same basis they did with the other program, they suggested that any report be given to the full membership, and not just to the Hughes places, which, of course, was logical.

So he came to me with his report, and he had done quite an extensive report. He had a man with him that had been a member of the FBI at one time, a white man, and a very intelligent man, and who had helped run this report, and they had this quite large report, making an assessment of the Las Vegas racial problems and what might be done to solve them, and how it could be handled. And it was obvious he made quite a comprehensive report. The report started with conditions as they saw them, and which they felt were very serious. And they did, they spent quite a lot of money on it in just the preparation of it, and they had evidently spent quite a bit of time.

And when he presented the thing to me to read, I saw that it was a very ambitious program. They wanted a budget of something like a couple of million dollars a year, two or three million dollars a year. They wanted \$800,000 put up in capital to further a project that has been discussed many times, and that's taking over the old Moulin Rouge and running it as a hotel and a laboratory and

training school for black people. The idea is excellent. The main thing wrong with the idea is the amount of money that it'd cost. And they assumed that if the community would put up—and, of course, they were primarily thinking of the Resort Association people (they had started with the Hughes people, and finally had been diverted to the idea of submitting it to the association members as a whole), and they wanted this \$800,000 capital put up. It was going to be on a loan basis. And they wanted some other funds put up as "seed money." (That's an expression, and it's quite overworked in this business.) And they had this budget laid out, had it laid out for a complete school, and for instructors, and even had a budget of salaries for the individual instructors, such as the vocational instructors, meat cutting instructors, hotel operation instructor, and on and on. There was oh, somewhere between eighteen and twenty-four jobs specified. All of these jobs had a suggested salary of between \$15,- and \$25,000 a year. I remember the low one was about \$15[,000], because I pointed out to them, "How do you think the school people of our community are going to take this, if we set up a vocational school of this kind, and pay salaries far above the salaries allotted to the people at the top of their bracket in the teaching profession? Do you think that that would be very good? You know that we've got problems of this nature. The schoolteachers have got a program for more money and more salaries. How do you think we could justify setting up something of this nature and paying salaries of this kind?"

He, of course, didn't have any real answer, other than this was their practical evaluation of what it would take to get the proper kind of instructors for a school of this kind.

I'm sure it was a 150-, 200-page prospectus. They had outlined how they intended to go

about it. They would hire these people, but they were going to make a management contract. They would get this money, and then make a contract with a management firm to actually do this at a fee of \$150,000 a year, or some figure of this kind. And when I questioned him about the management firm (it had some initials in it), he said, "Well, that is my firm. Those're my initials, and this is a management firm that I also run. We're in this business, and we can do an excellent job. And we propose that this firm be given this contract, and I know we can do the kind of a job you want."

I'm not pointing this out with the idea of saying what's wrong with it, or making any innuendo of any kind on Dr. Bryce. He was a very intelligent, capable man. He was a businessman. And I don't say there was anything in this proposal that was wrong if we'd've gone for it, or somebody would've financed it. And I'm sure he'd've been very willing, and maybe could've very capably handled it. He naturally would prefer his own firm to have it over somebody else's. But I do point it out to show when any large amounts of money are involved, that, immediately, so many people are willing to get into the act to help spend it, and to devise a program that will spend it. Of course, this, again, shows the outside opinion of the gaming industry and what their capacity is. I assume that people from other parts of the country, they think that comin' up with two or three million dollars a year is petty cash money for these great gaming outfits. I happen to know how hard it is to get \$75,000, because they're competitive places and struggling for profits, and they're just not that well fixed.

I pointed out to him that the community had just barely been able to raise a goal of about a million dollars for United Fund, which was without making any comparison [as] to

merits, was merely trying to show the capacity of the community to raise money. [United Fund] almost floundered on that program, and that was a community-wide program, and how he thought this industry could come up with capital money of \$800,000—.

If I remember correctly, I may have a copy of it somewhere. But if I remember correctly, the budget was between two and three million dollars a year. And I'm sure that it shows that if somebody can be persuaded to put up the money for betterment of these people, there's always somebody that's willing to spend it for 'em. Of course, it again concentrates on the gaming industry, saying, "You're the ones that've got this kind of money, and you're the ones that ought to put it up."

I was completely shocked by that proposal, as to the practicality of it. And I'm sure that they were quite disillusioned, because I'm just sure they spent quite a bit of money in putting it together. In fact, they did say that they thought that there was objection, as I voiced, of the difficulty of doing it, they would never—. They'd gone into this program with the understanding that this would be easy, to raise this kind of money, if they could sell the gaming community on the idea.

Dr. Bryce's program goes back into perspective into the overall efforts that were made. There hasn't been recently any attempt to renew any program of this kind, and I'm sure that the one that we went into was abortive. It just didn't do what it was supposed to do, and now we're operating under a Department of Justice consent decree, which goes at it in a different manner.

* * * * *

Briefly, in summarizing the problems of the gaming industry, I think I've pointed out, in various places that I've recited, what's

happened to them, and what's expected of them. I think it is pretty obvious that the gaming industry is the target for so many people, so many drives, and so many different groups, because they contribute to the basic economy of the state. They provide the basic economy of the state, and how vulnerable they are in so many respects! I sometimes get pessimistic in looking at the prospects of survival, and I'm sure it has a remarkable capacity to adjust to changing situation. It seems to. And it's pretty well demonstrated in the past its abilities to survive many, many attacks. But they're under attack by the federal agencies of the government. I think I have pointed out that there are some high officials in the Department of Justice, in the Internal Revenue Department, particularly, and in the national legislative halls who feel that gaming is evil. They can't understand it, the way that it's handled in Nevada. They think it's all bad. Their publicity—from reporters and writers—is from economic study committees that use Nevada as the target. They are, of course, [also] the target of local politicians and people who feel that they have a pot of gold, and that they should provide basically all of the requirements of the state. They're the target of what I have described in the crossroader and the cheating operator, who's watching their internal operations every minute because their product is money, how to extract that from them in various ways. They're the target of chip counterfeiters; there've been many, many counterfeit chips put out, and it's big business, if they can ever get it to going. Fortunately, a lot of it has been headed off. They're the target of the fast buck operator that is looking for any scheme to beat them in the granting of credit, or cashing bad checks, things of this nature. They're the target of many people

in government, and many people in the racial relationships. I've demonstrated how the Department of Justice, in my opinion, singled 'em out. They're singled out in many other places, also. They're the target of do-gooders, so to speak, people who take moral exception to the industry, both in our state and out, people like Matthews, who attacked them in a vulnerable spot in their claiming they were vulnerable in their tax program. They have had to defend themselves against the programs and onslaughts of labor unions, who—and this is a very important end of that—constantly wrung more and more out of them. Also, competition, world-wide, has increased on them. Many places in the world now have legal gambling, and there are many places in the United States that are looking at legal gambling. A state lottery's been adopted in New York, and in Connecticut. New Jersey's talked about legal gambling, Montana, Florida. So it makes you wonder just how long they can stand up under the attacks of all of these groups, the programs that are aimed at them, and just now it leaves an open question as to whether this business really can survive.

I think the biggest thing to be said in their favor is their ability to adapt to new situations. They're keen businessmen, they're competitive, and they know the business. It's the combination of all of these onslaughts that worries me, more than any one individually. I'm sure that, with reasonable odds, they can take care of themselves. I am not overly concerned with other states adopting legalized gambling and putting us out of business. Of course, the big question has always been, "What would happen if California adopted legalized gambling?" And there's no question that it'd hurt. But I don't think even California could be an immediate threat, because it takes

a lot of know-how, and they've got a lot of experience behind them. And I don't think that any new jurisdiction could gain it that fast.

When you put them all together, the problems that they have, sometimes I get to wondering about their ability to survive at all.

CONCLUSION

My wife, her maiden name was Margaret Moffat. She came to Las Vegas from Scotland when she was about two years old, went through school in Las Vegas, and graduated from high school here, and then went to Woodbury College in Los Angeles. This is the second marriage for both of us. She married Raby Newton, I think about 1929. And he was prominent in Nevada politics, worked in the Highway Department. They moved to Carson City in 1939, and he passed away in 1952. We married in 1956, and lived in Reno while I worked in Carson City. Then we moved to Las Vegas in 1963.

Margaret's son by her former marriage, William Newton, and my son, [Robert Allen], were within about seven months of each other in age, and they were just getting out of high school when we were married. We were one family during the time that they went through college. From that time on, we grew as one family. We, of course, are proud of both of 'em, and proud of the fact that we have made a family unit out of two separate families.

My son is teaching at Wooster High School and quite active in teachers' associations, the NEA, and things of this nature, and evidently is going to be a teacher for the rest of his life 'cause he seems to like the profession and he likes his work. He is now married—both of them are, as a matter of fact—married. Margaret's boy has two children. My son, at this point, doesn't have any children as yet. He's married to a teacher, still quite devoted to their work.

As to summarizing this narrative, and what my accomplishments in the past have been, or what I might hope they would be in the future, I've always been a great believer in the fact that most everyone's life speaks for themselves, and I think, in this narrative, it has been pretty obvious that I've had a most interesting life and most interesting experiences. And I can only say that I firmly believe that it's only possible in the state of Nevada, in this day and age; nowhere [else] could one be as close to the operation of the state as a whole, to the people who ran it. I

believe that few people in larger states ever have the privilege of knowing governors by their first names, or saying they knew them long before they became governor, or senator, or congressman. It's like a family, in a degree, in that people know more about each other, probably both the good and the bad. But certainly, in any other state in the Union, and particularly the larger states, a person would never have the opportunity to be as close to the things that are happening as we in Nevada are. I think we are able to see the whole picture. I think we're able to evaluate it better. And I'm sure that I couldn't have gone through the experiences that I have anywhere else but Nevada. I'm glad that I lived here, lived here practically all of my life, and I intend to stay.

I might say that giving this oral history has been something of an experience for me because, just as recently as yesterday, it brought to mind what an interesting life I've had. And in looking back on it and recounting it as I have, of course, the enjoyable things, and the interesting things, about it stand out. And it's pleasant to look back on, and reflect on, and think about how few people have had the opportunity to be exposed to these things. The only feeling that I have about it, now, is that I'm sorry I didn't enjoy it more while it was happening, and [didn't have] the same realization of the depth of experience that I have now. Because at the time that [some of] these were happening, I was running around with a knot in my stomach, or breaking out in spots all over me, as I've recounted, because of the pressures and the things involved with it, and I didn't have the opportunity to enjoy it as I can enjoy looking back on it now.

My plans for the future are not very definite. I feel that I have had a long career, and an interesting one, and I'm at the point, now, where I'm ready to rest a little more, and

take things as they come. I've gone through the period of pressures, and disappointments, and frustrations, and high blood pressure, so to speak, in getting all involved in things that were demanding, and things that were disappointing, and things that go with an active life with a lot of pressure and a lot of responsibility. And I'm through with that. All I want out of life now is to do what I can in the present society we're in, try to help a little bit as a member of it, but my active days are over. And I'm not going to take things quite as seriously as I did in the past, when the problems of making a living, and the problems of living from day to day were much more demanding than they are now. I don't know of anything I can add to that, really.

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